



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	THREE(3) MONTHS 31-Dec-2017	THREE(3) MONTHS 31-Dec-2016	CURRENT YEAR TO DATE ENDED 31-Dec-2017	PRECEDING CORRESPONDING YEAR TO DATE ENDED 31-Dec-2016 (RESTATED)
	RM'000	RM'000	RM'000	RM'000
Revenue	14	382	2,535	7,848
Operating expenses	(414)	(897)	(2,801)	(9,057)
Other operating income	-	1,497	6	1,670
(Loss) / Profit from operations	<u>(400)</u>	<u>982</u>	<u>(260)</u>	<u>461</u>
Finance expenses	-	-	-	-
(Loss) / Profit before tax expenses	<u>(400)</u>	<u>982</u>	<u>(260)</u>	<u>461</u>
Tax expenses	-	-	-	-
(Loss) / Profit after tax expenses	<u>(400)</u>	<u>982</u>	<u>(260)</u>	<u>461</u>
Other comprehensive (expense) / income				
- Foreign exchange translation from the foreign operations	(104)	(1,338)	(57)	(1,372)
Total comprehensive (expense) / income	<u>(504)</u>	<u>(356)</u>	<u>(317)</u>	<u>(911)</u>
(Loss) / Profit attributable to :				
Equity holders of the company	(395)	982	(255)	459
Minority shareholders	(5)	-	(5)	2
	<u>(400)</u>	<u>982</u>	<u>(260)</u>	<u>461</u>
Total comprehensive (expense) / income :				
Equity holders of the company	(499)	(356)	(312)	(937)
Minority shareholders	(5)	-	(5)	26
	<u>(504)</u>	<u>(356)</u>	<u>(317)</u>	<u>(911)</u>
(Loss) / Profit per share attributable to the equity holders of the Company (sen)	<u>(0.08)</u>	<u>0.20</u>	<u>(0.05)</u>	<u>0.09</u>
Diluted (loss) / Profit per share attributable to the equity holders of the Company (sen)	<u>(0.05)</u>	<u>0.13</u>	<u>(0.03)</u>	<u>0.06</u>

Note:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes to the interim financial statements.

There was no income / expense in relation to gain or loss on disposal of quoted or unquoted investment or properties, and gain or loss on derivatives and exceptional items.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	UNAUDITED AS AT END OF CURRENT QUARTER 31-Dec-2017	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31-Mar-2017
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,854	3,528
	2,854	3,528
Current Assets		
Inventories	6,466	6,448
Trade receivables	8,058	7,470
Other receivables, deposits and prepayments	11,785	6,987
Other investments	491	491
Tax recoverable	9	9
Cash and bank balances	10,191	14,792
	37,000	36,197
TOTAL ASSETS	39,854	39,725
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	21,400	19,560
Translation reserve	(1,224)	(1,167)
Warrants reserve	9,780	9,780
Accumulated profits/(losses)	8,990	9,250
Shareholders' funds	38,946	37,423
Minority interests	(51)	(46)
Total Equity	38,895	37,377
Current Liabilities		
Trade payables	394	475
Other payables and accruals	565	1,873
	959	2,348
Total Liabilities	959	2,348
TOTAL EQUITY AND LIABILITIES	39,854	39,725
Net assets per share (RM)	0.07	0.08

Note:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

	<----- Non-Distributable ----->			Warrants Reserve RM'000	Distributable Accumulated losses RM'000	Shareholders' Fund RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000					
At 30 September 2015								
At 1 October 2015	48,900	3,605	738	9,780	(24,196)	38,827	(114)	38,713
Par value deduction	(29,340)	(3,605)	-	-	32,945	-	-	-
Total comprehensive income / expense for the financial period	-	-	(1,905)	-	501	(1,404)	68	(1,336)
At 31 March 2017 (audited)	<u>19,560</u>	<u>-</u>	<u>(1,167)</u>	<u>9,780</u>	<u>9,250</u>	<u>37,423</u>	<u>(46)</u>	<u>37,377</u>
At 1 April 2017	19,560	-	(1,167)	9,780	9,250	37,423	(46)	37,377
Issuance of private placement shares	1,840	-	-	-	-	1,840	-	1,840
Total comprehensive expense for the financial period	-	-	(57)	-	(260)	(317)	(5)	(322)
At 31 December 2017 (Unaudited)	<u>21,400</u>	<u>-</u>	<u>(1,224)</u>	<u>9,780</u>	<u>8,990</u>	<u>38,946</u>	<u>(51)</u>	<u>38,895</u>

Note:-

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Dec-2017 RM'000	(RESTATED) AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-2016 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	(260)	918
Adjustments for:		
Depreciation of property, plant and equipment	677	646
Impairment loss on trade receivables	-	48
Fair value loss of financial assets recognised in profit and loss	-	-
Inventories written off	-	480
Bad debts written-off	-	12
Interest income	(6)	(211)
Loss on disposal of plant and equipment	-	2
Unrealised gain on foreign exchange translation	-	(31)
Operating (loss) / profit before working capital changes	411	1,864
Changes in working capital:		
(Increase) / Decrease in inventories	(18)	323
(Increase) / Decrease in receivables	(3,549)	(6,330)
(Increase) / Decrease in payables	(1,389)	(1,462)
Cash flows absorbed by operations	(4,545)	(5,605)
Tax refund	-	-
Net cash used in operating activities	(4,545)	(5,605)
Cash flows from investing activities		
Interest income received	6	211
Purchase of property, plant and equipment	-	(3,100)
Purchase of investment in quoted shares	-	(6,966)
Proceed from disposal of investments	-	188
Net cash from investing activities	6	(9,667)
Net decrease in cash and cash equivalents	(4,539)	(15,272)
Foreign exchange fluctuation reserve	(62)	(1,855)
Cash and cash equivalents at beginning of the financial period/year	14,792	26,999
Cash and cash equivalents at end of the financial period/year	10,191	9,872
<u>Cash and cash equivalents at the end of the financial period/year comprises the following :-</u>		
Fixed deposits with licensed banks	6,000	9,013
Cash and bank balances	4,191	859
	10,191	9,872

Note:-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the DGB Asia Berhad ("Group") for the financial year ended 31 March 2017.

A2. Changes in accounting policies

The significant accounting policies, method of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2017 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS") and amendment to MFRS that had been issued but not yet effective.

MFRS 2	Share-based Payments
MFRS 4	Insurance Contract
MFRS 7	Financial Instruments : Disclosures
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 17	Insurance Contract
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Properties
IC Interpretation 22	Foreign Currency Transactions and Advance 1 January 2018 Consideration Amendments to MFRS
IC Interpretation 23	Uncertainty over Income Tax Incentives
New MFRS 14	Regulatory Deferral Accounts
MFRSs 2014-2016 Cycle	Annual Improvements

The adoptions of new and revised MFRSs, and amendment to MFRS are not expected to have significant financial impact to the Group.

A3. Auditors' report on preceding annual financial statements

The preceding year's annual financial statements were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.



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A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A7. Debts and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter under review except for the issuance of (1) 250,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (2) 300,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, and (3) 825,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share.

A8. Dividend

There were no dividends declared or paid during the current financial quarter under review.

A9. Segmental information

(a) Analysis of revenue by geographical area

	Three (3) Months Ended 31/12/2017 RM'000	Three (3) Months Ended 31/12/2016 RM'000	Current Year To Date Ended 31/12/2017 RM'000	Preceding Corresponding Year To Date Ended 31/12/2016 (Restated) RM'000
Singapore	-	-	47	101
Malaysia	14	384	88	522
Thailand	-	-	2,400	-
Indonesia	-	-	-	250
China	-	-	-	7,000
Others	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14	384	2,535	7,873
Less: Inter-company transactions	-	(2)	-	(25)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	14	382	2,535	7,848



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(b) Analysis of revenue by product categories

	Three (3) Months Ended 31/12/2017	Three (3) Months Ended 31/12/2016	Current Year To Date Ended 31/12/2017	Preceding Corresponding Year To Date Ended 31/12/2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Proprietary software	1	30	5	43
Value added products & services	13	116	2,529	7,553
AIDC hardware / equipment	-	238	1	277
	14	384	2,535	7,873
Less: Inter-company transactions	-	(2)	-	(25)
Total revenue	14	382	2,535	7,848

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current financial quarter under review.

A12. Changes in composition of the Group

There were no changes in composition of the Group in the current financial quarter under review.

A13. Contingent assets or liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review.



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A15. Significant related party transactions

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

A16. Cash and cash equivalents

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Cash and bank balances	4,191	859
Fixed deposits with licensed banks	6,000	9,013
	<hr/> <hr/> 10,191	<hr/> <hr/> 9,872



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ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance

Current Year Quarter ended 31 Dec 2017 versus Previous Year Quarter ended 31 Dec 2016

	Individual period (period ended 31 Dec 2017)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year-to-date	Preceding Year Corresponding Period	Changes (in Amount)
	31 Dec 2017	31 Dec 2016		31 Dec 2017	31 Dec 2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14	382	(368)	2,535	7,848	(5,313)
Operating profit / (loss)	(400)	982	(1,382)	(260)	461	(721)
Profit/(Loss) before interest and tax	(400)	982	(1,382)	(260)	461	(721)
Profit/(Loss) before tax	(400)	982	(1,382)	(260)	461	(721)
Profit/(Loss) after tax	(400)	982	(1,382)	(260)	461	(721)
Profit/(Loss) attributable to ordinary equity holders of the parent	(395)	982	(1,377)	(255)	459	(714)

For the quarter under review, the Group generated revenue of RM0.014 million and loss before tax expenses (“LBT”) of RM0.40 million respectively, compared with revenue of RM0.38 million and profit before tax (“PBT”) of RM0.46 million in the corresponding quarter of the preceding year ended 31 December 2016. The lower in revenue and increase in LBT for the quarter under review was mainly due to lower value added products sold, higher operating cost and lower margin of the products sold in comparison with corresponding quarter of the preceding year ended 31 December 2016.



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B2. Comparison with preceding quarter's results

	Current Quarter 31/12/2017 RM'000	Preceding Quarter 30/09/2017 RM'000	Variance RM'000
Revenue	14	2,180	(2,194)
Operating Profit	(400)	753	(1,153)
Profit before Interest and tax	(400)	753	(1,153)
Profit before tax	(400)	753	(1,153)
Profit after tax	(400)	753	(1,153)
Profit/(Loss) attributable to ordinary equity holders of the parent	(395)	753	(1,148)

The Group reported a revenue and LBT for the quarter under review of RM0.014 million and RM0.40 million respectively as compared with the preceding quarter's revenue and PBT of RM2.18 million and RM0.75 million respectively. The sharp decrease in revenue was mainly due to lower higher value added products sold during the quarter under review as compared with preceding quarter.

B3. Prospects

The prospects ahead for the Group will be challenging due to the increased competition and weaker demand from local and overseas market and the depreciation of Malaysian Ringgit. This continues to put pressure on DGB's operating environment. The Group focus on expanding its footprint in oversea and expand its product range offered. Notwithstanding these challenges the Group will continue to strive for efficient cost management and expand its revenue portfolio to improve its overall overheads and performances. The successful of the Group heavily rely on the capabilities of the management team to secure revenue abroad and in local market with ranges from all products within the Group, bearing others unforeseen circumstances such as global/local macroeconomic, government policies and interest rate.

B4. Tax expenses

There was no provision of tax liability for the quarter under review.

B5. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.



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B6. Status of corporate proposals announced and not completed

There were no corporate proposal announced but not completed as at the date of this report.

B7. Status of utilisation of proceeds raised from previous corporate proposals

(i.) Right Issue of shares

The utilisation of the proceeds of RM35,860,000 from the Rights Issues of 326,000,000 new ordinary shares of RM0.11 each as of the date of this report is as follows:-

	Proposed	Amount	Amount	Timeframe for
	Amount	Utilised	Unutilised	Utilisation
Purpose	RM'000	RM'000	RM'000	(from 1 Nov 2017)
Working capital	29,910	28,842	1,068	Within 12 months
Capital expenditure	5,500	-	5,500	Within 12 months
Estimated expenses in relation to the corporate exercises	450	450	-	Within 2 weeks
Total estimated proceeds	35,860	29,292	6,568	

(ii.) Private Placement

On behalf of the Company's Board of Directors, Mercury Securities Sdn. Bhd. had on 25 April 2017 announced that the Company proposed to undertake a private placement of new ordinary shares in the Company of up to ten percent (10%) of the existing total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified.

Bursa Malaysia Securities Berhad had vide its letter dated 9 May 2017 approved the listing of and quotation for up to 48,900,000 new ordinary shares in the Company to be issued pursuant to the said private placement ("Placement Shares").

The private placement has been completed following the listing and quotation of 48,900,000 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad on 17 July 2017.

The gross proceeds from the Private Placement amounted to RM1,839,618 and the status of the utilisation of the proceeds raised as at 31 December 2017 is as follows:-

	Proposed	Amount	Amount	Timeframe for
	Amount	Utilised	Unutilised	Utilisation
Purpose	RM'000	RM'000	RM'000	(from 1 Nov 2017)
Working capital	1,690	1,690	-	Within 12 months
Estimated expenses in relation to the corporate exercises	150	150	-	Within 2 weeks
Total estimated proceeds	1,840	1,840	-	



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B8. Borrowings and debt securities

There were no borrowings as at the end of the current quarter under review.

B9. Trade receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 5 months (2016: 1 month to 5 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at quarter ended 31 December 2017				
	Current	1 – 3 months	3 – 6 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Denominated in RM	-	2,405	-	5,653	8,058
Denominated in Currency	-	-	-	-	-
Total	-	2,405	-	5,653	8,058

B10. Material litigation

There was no material litigation as at the date of this report.

B11. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review and the financial year-to-date.

B12. Earnings per share

1) Basic earnings per ordinary shares

Basic earnings per share amounts were calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended	Three (3) Months Ended	Current Year To Date Ended	Preceding Corresponding Year To Date Ended
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(395)	982	(255)	459



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Weighted average number of ordinary shares in issue ('000)	518,917	489,000	518,917	489,000
Basic (loss) / profit per share (sen)	(0.08)	0.20	(0.05)	0.09

2) Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants during the financial period ended 31 December 2017.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2017	Three (3) Months Ended 31/12/2016	Current Year To Date Ended 31/12/2017	Preceding Corresponding Year To Date Ended 31/12/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(395)	982	(255)	459
Weighted average number of ordinary shares in issue ('000)	518,917	489,000	518,917	489,000
Effect of dilution after conversion of all outstanding Warrants ('000)	237,482	244,500	237,482	244,500
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	756,399	733,500	756,399	733,500
Diluted basic (loss) / profit per share (sen)	(0.05)	(0.13)	(0.03)	0.06



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B13. Disclosure of Realised and Unrealised Profits / (Losses)

	As at 31/12/2017	As at 31/03/2017
	RM'000	RM'000
Realised	8,990	4,710
Unrealised	-	8
	8,990	4,718
Add: Consolidation adjustment	-	4,532
Accumulated profits/(losses)	8,990	9,250

B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2017 RM'000	Three (3) Months Ended 31/12/2016 RM'000	Current Year To Date Ended 31/12/2017 RM'000	Preceding Corresponding Year To Date Ended 31/12/2016 RM'000
Interest Income	-	(7)	(6)	(211)
Depreciation and amortisation	224	224	677	646
Forex (gain)/loss	-	137	-	(31)
Bad debts written-off	-	12	-	12
Impairment loss on trade receivables	-	-	-	48
Inventories written-off	-	-	-	480
Unrealised loss on quoted shares	-	-	-	68