



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 March 2018

DGB ASIA BERHAD (721605-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	THREE(3) MONTHS 31-Mar-2018	THREE(3) MONTHS 31-Mar-2017	CURRENT YEAR TO DATE ENDED 31-Mar-2018	PRECEDING CORRESPONDING YEAR TO DATE ENDED 31-Mar-2017 (RESTATED)
	RM'000	RM'000	RM'000	RM'000
Revenue	916	4,252	3,451	12,100
Operating expenses	(1,732)	(4,952)	(4,533)	(14,009)
Other operating income	2,051	285	2,057	1,955
Profit / (Loss) from operations	1,235	(415)	975	46
Finance expenses	-	-	-	-
Profit / (Loss) before tax expenses	1,235	(415)	975	46
Tax expenses	-	-	-	-
Profit / (Loss) after tax expenses	1,235	(415)	975	46
Other comprehensive (expense) / income				
- Foreign exchange translation from the foreign operations	(122)	23	(179)	(1,349)
Total comprehensive income / (expense)	1,113	(392)	796	(1,303)
Profit / (Loss) attributable to :				
Equity holders of the company	1,047	(415)	787	46
Minority shareholders	188	-	188	-
	1,235	(415)	975	46
Total comprehensive income / (expense) :				
Equity holders of the company	925	(392)	608	(1,329)
Minority shareholders	188	-	188	26
	1,113	(392)	796	(1,303)
Profit / (Loss) per share attributable to the equity holders of the Company (sen)	0.20	(0.08)	0.15	0.01
Diluted profit / (loss) per share attributable to the equity holders of the Company (sen)	0.16	(0.06)	0.12	0.01

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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DGB ASIA BERHAD (721605-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	UNAUDITED AS AT END OF CURRENT QUARTER 31-Mar-2018	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31-Mar-2017
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,626	3,528
	<u>2,626</u>	<u>3,528</u>
Current Assets		
Inventories	6,468	6,448
Trade receivables	103	7,470
Other receivables, deposits and prepayments	3,111	6,987
Other investments	5,854	491
Tax recoverable	10	9
Cash and bank balances	38,373	14,792
	<u>53,919</u>	<u>36,197</u>
TOTAL ASSETS	<u><u>56,545</u></u>	<u><u>39,725</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	35,873	19,560
Translation reserve	(1,346)	(1,167)
Warrants reserve	9,780	9,780
Accumulated profits/(losses)	10,225	9,250
Shareholders' funds	<u>54,532</u>	<u>37,423</u>
Minority interests	(50)	(46)
Total Equity	<u>54,482</u>	<u>37,377</u>
Current Liabilities		
Trade payables	1,168	475
Other payables and accruals	895	1,873
	<u>2,063</u>	<u>2,348</u>
Total Liabilities	2,063	2,348
TOTAL EQUITY AND LIABILITIES	<u><u>56,545</u></u>	<u><u>39,725</u></u>
Net assets per share (RM)	<u>0.09</u>	<u>0.08</u>

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 MARCH 2018

	<----- 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
Conversion of warrants	14,473	-	-	-	-	14,473	-	14,473
Total comprehensive expense for the financial period	-	-	(179)	-	975	796	(4)	792
At 31 March 2018 (Unaudited)	<u>35,873</u>	<u>-</u>	<u>(1,346)</u>	<u>9,780</u>	<u>10,225</u>	<u>54,532</u>	<u>(50)</u>	<u>54,482</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 MARCH 2018

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Mar-2018	(RESTATED) AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Mar-2017
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	975	503
Adjustments for:		
Depreciation of property, plant and equipment	900	872
Impairment loss on trade receivables	-	48
Fair value gain of financial assets recognised in profit and loss	(1,225)	-
Inventories written off	-	483
Bad debts written-off	-	24
Interest income	(14)	(213)
Loss on disposal of plant and equipment	-	2
Unrealised gain on foreign exchange translation	-	(8)
Operating profit before working capital changes	636	1,711
Changes in working capital:		
(Increase) / Decrease in inventories	(20)	389
Decrease / (Increase) in receivables	7,106	(7,582)
(Increase) / Decrease in payables	(285)	(1,768)
Cash flows generated from / (absorbed by) operations	7,437	(7,250)
Tax refund	-	-
Net cash used in operating activities	7,437	(7,250)
Cash flows from investing activities		
Interest income received	14	213
Purchase of property, plant and equipment	-	(3,100)
Purchase of investment in quoted shares	-	(8,470)
Proceed from disposal of investments	-	6,741
Fair value adjustment to financial instruments	-	1,486
Net cash from / (used in) investing activities	14	(3,130)
Cash flows from financing activities		
Issuance of share capital	16,313	-
Dividend paid	-	-
Net cash from financing activities	16,313	-
Net increase / (decrease) in cash and cash equivalents	23,764	(10,380)
Foreign exchange fluctuation reserve	(183)	(1,835)
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	38,373	14,784
Cash and cash equivalents at the end of the financial period/year comprises the following :-		
Fixed deposits with licensed banks	15,500	-
Cash and bank balances	22,873	14,784
	38,373	14,784

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.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2017, except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial year beginning 1 April 2017. The adoptions of new and revised MFRSs, and amendment to MFRS are not expected to have significant financial impact to the Group.

A2. Auditors' report on preceding annual financial statements

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

A3. Seasonal or cyclical factors

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

A4. 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.

A5. Material changes in estimates

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



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A6. 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) 5,643,300 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (2) 28,063,167 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (3) 8,023,500 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (4) 3,853,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (5) 150,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (6) 100,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (7) 2,560,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (8) 6,940,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (9) 5,497,750 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (10) 4,590,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (11) 5,810,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (12) 5,542,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (13) 9,290,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (14) 5,895,000 shares being converted to ordinary shares from warrants at a price of RM0.11 per share, (15) 38,246,475 shares being converted to ordinary shares from warrants at a price of RM0.11 per share,

A7. Dividend

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

A8. Segmental information

(a) Analysis of revenue by geographical area

	Three (3) Months Ended 31/03/2018	Three (3) Months Ended 31/03/2017	Current Year To Date Ended 31/03/2018	Preceding Corresponding Year To Date Ended 31/03/2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Singapore	1	108	48	209
Malaysia	15	6,270	103	6,792
Thailand	-	3,850	2,400	3,850
Indonesia	900	-	900	250
China	-	-	-	7,000
Others	-	-	-	-
	916	10,228	3,451	18,101
Less: Inter-company transactions	-	(5,976)	-	(6,001)
Total revenue	916	4,252	3,451	12,100



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(b) Analysis of revenue by product categories

	Three (3) Months Ended 31/03/2018	Three (3) Months Ended 31/03/2017	Current Year To Date Ended 31/03/2018	Preceding Corresponding Year To Date Ended 31/03/2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Proprietary software	-	30	5	673
Value added products & services	918	116	3,447	11,568
AIDC hardware / equipment	(2)	238	(1)	5,860
	916	384	3,451	18,101
Less: Inter-company transactions	-	(2)	-	(6,001)
	916	382	3,451	12,100

A9. Valuation of property, plant and equipment

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

A10. 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.

A11. Changes in composition of the Group

There were no changes in composition of the Group in the current financial quarter under review except for on 4 April 2018 the Company had incorporated a wholly-owned subsidiary, DGB Networks Sdn. Bhd. ("DGB Networks"), under the Companies Act 2016 ("Incorporation"). The initial issued share capital of DGB Networks is RM2.00 comprising two (2) ordinary shares. The intended principal activity of DGB Networks is offering parcel delivery and collection services to electronic commerce merchants and customers. For details, please refer to Bursa Malaysia announcements dated 4 April 2018.

A12. 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.



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A13. 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.

A14. 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.

A15. Cash and cash equivalents

	As at 31/03/2018 RM'000	As at 31/03/2017 RM'000
Cash and bank balances	22,873	14,784
Fixed deposits with licensed banks	15,500	-
	<hr/> 38,373 <hr/>	<hr/> 14,784 <hr/>



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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 Mar 2018 versus Previous Year Quarter ended 31 Mar 2017

	Individual period (period ended 31 Mar 2018)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year-to-date	Preceding Year Corresponding Period	Changes (in Amount)
	31 Mar 2018	31 Mar 2017		31 Mar 2018	31 Mar 2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	916	4,252	(3,336)	3,451	12,100	(8,649)
Operating profit / (loss)	1,235	(415)	1,650	975	46	929
Profit/(Loss) before interest and tax	1,235	(415)	1,650	975	46	929
Profit/(Loss) before tax	1,235	(415)	1,650	975	46	929
Profit/(Loss) after tax	1,235	(415)	1,650	975	46	929
Profit/(Loss) attributable to ordinary equity holders of the parent	1,047	(415)	1,462	787	46	741

For the quarter under review, the Group generated revenue of RM0.916 million and profit before tax expenses (“PBT”) of RM1.24 million respectively, compared with revenue of RM4.25 million and loss before tax expenses (“LBT”) of RM0.42 million in the corresponding quarter of the preceding year ended 31 March 2017. The lower in revenue for the quarter under review was mainly due to lower value added products sold. The increase in PBT for the quarter under review was mainly due to higher other operating income especially materialized of realized and unrealized investment in quoted shares in comparison with corresponding quarter of the preceding year ended 31 March 2017.



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B2. Comparison with preceding quarter's results

	Current Quarter 31/03/2018 RM'000	Preceding Quarter 31/12/2017 RM'000	Variance RM'000
Revenue	916	14	902
Operating Profit	1,235	(400)	1,635
Profit before Interest and tax	1,235	(400)	1,635
Profit before tax	1,235	(400)	1,635
Profit after tax	1,235	(400)	1,635
Profit/(Loss) attributable to ordinary equity holders of the parent	1,047	(395)	1,442

The Group reported a revenue and PBT for the quarter under review of RM0.916 million and RM1.24 million respectively as compared with the preceding quarter's revenue and LBT of RM0.014 million and RM0.40 million respectively. The increase in revenue was mainly due to 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 increased competition and weaker demand from local and overseas markets. These factors will continue to put pressure on DGB's operating environment. The Group will focus on expanding its footprint overseas and expand its product range. Notwithstanding these challenges the Group will continue to strive for efficient cost management and expand its revenue portfolio to reduce its overall overheads and improve performance. The success of the Group will rely heavily on the capabilities of the management team to successfully implement these strategies.

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 except for on 3 May 2018, the Company proposes to undertake the proposed bonus issue of up to 474,351,746 DGB warrants (“Warrants B”) on the basis of 1 Warrant B for every 2 existing ordinary shares in DGB (“DGB Shares” or “Shares”) held by entitled registered holders of the Shares (“Shareholders”) (“Entitled Shareholders”) on an entitlement date to be determined and announced later by the Board (“Entitlement Date”) (“Proposed Bonus Issue of Warrants”). Please refer to Bursa Malaysia announcements dated 3 May 2018 for further details.

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	29,692	218	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	30,142	5,718	

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 March 2018				
	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	-	-	-	103	103
Denominated in Currency	-	-	-	-	-
Total	-	-	-	103	103



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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 31/03/2018	Three (3) Months Ended 31/03/2017	Current Year To Date Ended 31/03/2018	Preceding Corresponding Year To Date Ended 31/03/2017
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	1,047	(415)	787	46
Weighted average number of ordinary shares in issue ('000)	534,385	489,000	534,385	489,000
Basic (loss) / profit per share (sen)	0.20	(0.08)	0.15	0.01



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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 March 2018.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/03/2018	Three (3) Months Ended 31/03/2017	Current Year To Date Ended 31/03/2018	Preceding Corresponding Year To Date Ended 31/03/2017
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	1,047	(415)	787	46
Weighted average number of ordinary shares in issue ('000)	534,385	489,000	534,385	489,000
Effect of dilution after conversion of all outstanding Warrants ('000)	112,921	244,500	112,921	244,500
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	647,306	733,500	647,306	733,500
Diluted basic (loss) / profit per share (sen)	0.16	(0.06)	0.12	0.01

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

	As at 31/03/2018	As at 31/03/2017
	RM'000	RM'000
Realised	7,176	4,710
Unrealised	-	8
	7,176	4,718
Add: Consolidation adjustment	3,049	4,532
Accumulated profits/(losses)	10,225	9,250



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B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/03/2018 RM'000	Three (3) Months Ended 31/03/2017 RM'000	Current Year To Date Ended 31/03/2018 RM'000	Preceding Corresponding Year To Date Ended 31/03/2017 RM'000
Interest Income	(8)	(2)	(14)	(213)
Depreciation and amortisation	223	226	900	872
Forex (gain)/loss	-	(85)	-	(116)
Bad debts written-off	-	12	-	24
Impairment loss on trade receivables	-	-	-	48
(Gain)/Loss on disposal of quoted shares	(818)	3,481	(818)	3,481
Inventories written-off	-	-	-	480
Unrealised (gain)/loss on quoted shares	(1,225)	(679)	(1,225)	(679)
Loss/(Gain) on disposal of PPE	-	2	-	2