



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 30 September 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	THREE(3) MONTHS	THREE(3) MONTHS	CURRENT YEAR TO DATE ENDED	PRECEDING CORRESPONDING
	30-Sep-2019 RM'000	30-Sep-2018 RM'000	12 MONTHS 30-Sep-2019 RM'000	12 MONTHS 30-Sep-2018 RM'000
Revenue	231	462	6,713	-
Operating expenses	(3,181)	(6,323)	(15,035)	-
Other operating (expense) / income	(220)	(473)	136	-
Loss from operations	<u>(3,170)</u>	<u>(6,334)</u>	<u>(8,186)</u>	<u>-</u>
Share of loss of an associate	(729)	(26)	(3,585)	-
Finance expenses	-	-	-	-
Loss before tax expenses	<u>(3,899)</u>	<u>(6,360)</u>	<u>(11,771)</u>	<u>-</u>
Tax income / (expenses)	104	(420)	98	-
Loss after tax expenses	<u>(3,795)</u>	<u>(6,780)</u>	<u>(11,673)</u>	<u>-</u>
Other comprehensive (expense) / income				
- Foreign exchange translation from the foreign operations	(43)	(1,030)	39	-
Total comprehensive expense	<u>(3,838)</u>	<u>(7,810)</u>	<u>(11,634)</u>	<u>-</u>
Loss attributable to :				
Equity holders of the company	(3,795)	(6,991)	(11,673)	-
Minority shareholders	<u>-</u>	<u>211</u>	<u>-</u>	<u>-</u>
	<u>(3,795)</u>	<u>(6,780)</u>	<u>(11,673)</u>	<u>-</u>
Total comprehensive expense :				
Equity holders of the company	(3,838)	(8,021)	(11,634)	-
Minority shareholders	<u>-</u>	<u>211</u>	<u>-</u>	<u>-</u>
	<u>(3,838)</u>	<u>(7,810)</u>	<u>(11,634)</u>	<u>-</u>
Loss per share attributable to the equity holders of the Company (sen)	<u>(0.50)</u>	<u>(1.15)</u>	<u>(1.54)</u>	<u>-</u>
Diluted loss per share attributable to the equity holders of the Company (sen)	<u>(0.33)</u>	<u>(0.71)</u>	<u>(1.03)</u>	<u>-</u>

Note:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2018 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.

Note : In view of the change in financial year end from 31 March 2018 to 30 September 2018, there were no comparative financial information available for the cumulative year to date 12 months financial period end to 30 September 2019.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	UNAUDITED AS AT END OF CURRENT QUARTER 30-Sep-2019	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 30-Sep-2018
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,806	712
Investments in an associate	6,617	10,176
Intangible assets	213	204
	<u>8,636</u>	<u>11,092</u>
Current Assets		
Inventories	38	4,276
Trade receivables	4,987	200
Other receivables, deposits and prepayments	13,791	5,118
Other investments	1,897	2,136
Tax recoverable	9	9
Cash and bank balances	17,705	34,010
	<u>38,427</u>	<u>45,749</u>
TOTAL ASSETS	<u>47,063</u>	<u>56,841</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	45,410	45,410
Translation reserve	(1,642)	(1,681)
Accumulated losses	442	12,115
Shareholders' funds	<u>44,210</u>	<u>55,844</u>
Minority interests	(47)	(47)
Total Equity	<u>44,163</u>	<u>55,797</u>
Current Liabilities		
Trade payables	436	2
Other payables and accruals	2,464	1,042
	<u>2,900</u>	<u>1,044</u>
Total Liabilities	2,900	1,044
TOTAL EQUITY AND LIABILITIES	<u>47,063</u>	<u>56,841</u>
Net assets per share (RM)	<u>0.06</u>	<u>0.11</u>

Note:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2018 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 30 SEPTEMBER 2019

	<----- Non-Distributable ----->							
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Warrants Reserve RM'000	Distributable Accumulated losses RM'000	Shareholders' Fund RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 October 2018								
At 1 October 2018	19,560	-	(1,167)	9,780	9,250	37,423	(47)	37,376
Issuance of shares	1,840	-	-	-		1,840	-	1,840
Conversion of warrants	24,010					24,010	-	24,010
Warrant reserve reduction				(9,780)	9,780	-	-	-
Total comprehensive income / expense for the financial period	-	-	(514)	-	(6,915)	(7,429)	-	(7,429)
At 30 September 2018 (audited)	<u>45,410</u>	<u>-</u>	<u>(1,681)</u>	<u>-</u>	<u>12,115</u>	<u>55,844</u>	<u>(47)</u>	<u>55,797</u>
At 1 October 2018	45,410	-	(1,681)	-	12,115	55,844	(47)	55,797
Issuance of private placement shares	-	-	-	-	-	-	-	-
Conversion of warrants	-	-	-	-	-	-	-	-
Total comprehensive expense for the financial period	-	-	39	-	(11,673)	(11,634)	-	(11,634)
At 30 September 2019 (Unaudited)	<u>45,410</u>	<u>-</u>	<u>(1,642)</u>	<u>-</u>	<u>442</u>	<u>44,210</u>	<u>(47)</u>	<u>44,163</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 30 September 2018 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 30 SEPTEMBER 2019		
	UNAUDITED CURRENT YEAR TO DATE ENDED 30-Sep-2019	UNAUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 30-Sep-2018
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(11,771)	-
Adjustments for:		
Depreciation of property, plant and equipment	377	-
Share of loss of an associate	3,585	-
Interest income	(307)	-
Operating loss before working capital changes	(8,116)	-
Changes in working capital:		
Decrease in inventories	4,238	-
Increase in receivables	(11,300)	-
Increase in payables	1,856	-
Cash flows used in operations	(13,322)	-
Tax refund	-	-
Net cash used in operating activities	(13,322)	-
Cash flows from investing activities		
Interest income received	307	-
Purchase of property, plant and equipment	(1,471)	-
Purchase of investment in unquoted shares	(1,858)	-
Net cash used in investing activities	(3,022)	-
Net decrease in cash and cash equivalents	(16,344)	-
Foreign exchange fluctuation reserve	39	-
Cash and cash equivalents at beginning of the financial period/year	34,010	-
Cash and cash equivalents at end of the financial period/year	17,705	-
<u>Cash and cash equivalents at the end of the financial period/year comprises the following :-</u>		
Fixed deposits with licensed banks	16,987	-
Cash and bank balances	718	-
	17,705	-

Note:-

The restatement on previous year figures have not been audited. The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited the accompanying explanatory notes attached to the interim financial statements.

Note : In view of the change in financial year end from 31 March 2018 to 30 September 2018, there were no comparative financial information available for the 12 months financial period end to 30 September 2019.



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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 30 September 2018.

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 30 September 2018, 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 October 2018. 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.

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.

A7. Dividend

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



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A8. Segmental information

(a) Analysis of revenue by geographical area

	Three (3) Months Ended 30/09/2019 RM'000	Three (3) Months Ended 30/09/2018 RM'000	Current Year To Date Ended 30/09/2019 RM'000	Preceding Corresponding Year To Date Ended 30/09/2018 RM'000
Malaysia	231	209	861	-
Hong Kong	-	254	1,852	-
Thailand	-	-	4,000	-
Indonesia	-	-	-	-
Others	-	(1)	-	-
	231	462	6,713	-
Less: Inter-company transactions	-	-	-	-
Total revenue	231	462	6,713	-

(b) Analysis of revenue by product categories

	Three (3) Months Ended 30/09/2019 RM'000	Three (3) Months Ended 30/09/2018 RM'000	Current Year To Date Ended 30/09/2019 RM'000	Preceding Corresponding Year To Date Ended 30/09/2018 RM'000
Proprietary software	-	27	443	-
Value added products & services	231	7	2,417	-
AIDC hardware / equipment	-	428	3,853	-
	231	462	6,713	-
Less: Inter-company transactions	-	-	-	-
Total revenue	231	462	6,713	-



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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.

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.

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 30/09/2019 RM'000	As at 30/09/2018 RM'000
Cash and bank balances	718	1,035
Fixed deposits with licensed banks	16,987	32,975
	<u>17,705</u>	<u>34,010</u>



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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 30 September 2019 versus Previous Year Quarter ended 30 September 2018

	Individual period (period ended 30 September 2019)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year- to-date	Preceding Year Corresponding Period	Changes (in Amount)
	30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	231	462	(231)	6,713	-	N/A
Operating (loss)/profit	(3,170)	(6,334)	3,164	(8,186)	-	N/A
(Loss)/Profit before interest and tax	(3,899)	(6,360)	2,461	(11,771)	-	N/A
(Loss)/Profit before tax	(3,899)	(6,360)	2,461	(11,771)	-	N/A
(Loss)/Profit after tax	(3,795)	(6,780)	2,985	(11,673)	-	N/A
(Loss)/Profit attributable to ordinary equity holders of the parent	(3,795)	(6,991)	(3,760)	(11,673)	-	N/A

For the quarter under review, the Group generated revenue of RM0.231 million and loss before tax expenses (“LBT”) of RM3.899 million respectively, compared with revenue of RM0.462 million and loss before tax expenses LBT of RM6.360 million in the corresponding quarter of the preceding year ended 30 September 2018. The decrease in revenue for the quarter under review was mainly due to lower value added products sold. The decrease in LBT for the quarter under review was mainly reflected the lower operating cost in comparison with corresponding quarter of the preceding year ended 30 September 2018.



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B2. Comparison with preceding quarter's results

	Current Quarter 30/09/2019 RM'000	Preceding Quarter 30/06/2019 RM'000	Variance RM'000
Revenue	231	2,171	(1,940)
Operating Loss	(3,170)	(1,609)	(1,561)
Loss before Interest and tax	(3,899)	(4,465)	566
Loss before tax	(3,899)	(4,465)	566
Loss after tax	(3,795)	(4,471)	676
Loss attributable to ordinary equity holders of the parent holders of the parent	(3,795)	(4,471)	676

The Group reported a revenue and LBT for the quarter under review of RM0.23 million and RM3.90 million respectively as compared with the preceding quarter's revenue and LBT of RM2.17 million and RM4.47 million respectively. The lower LBT in current quarter was mainly due to lower operation cost in line with lower revenue as compared with preceding quarter ended 30 June 2019.

B3. Prospects

The prospects ahead for the Group will be challenging due to stiff competition and weaker demand from local and overseas markets. These factors will continue to keep pressure on DGB's overall operating environment. The Group will focus on expanding its footprint overseas/locally and expand its product range to cater customers' need. It is expected that the expansion to logistic services and hotel investment would yield a better return to the Group in the near future. The management is in the view that the investment in hotel management would yield a positive return given its current loss recorded. 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.



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B4. Tax expenses

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
In respect of the current period:-				
Current taxation	9	(420)	15	-
Overprovision	(113)		(113)	
Net tax Expense/(income)	(104)	-	(98)	-
	-	(420)	-	-
In respect of the previous period:-				
Taxation	9	(420)	15	-
Overprovision	(113)	-	(113)	-
Deferred taxation	-	-	-	-
Net tax charge/(credit)	(104)	(420)	(104)	-

B5. Profit forecast and profit guarantee

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

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.



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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 2019)
Working capital	29,910	29,910	-	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	30,360	5,500	

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 (2018: 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 30 September 2019				
	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	224	-	1,410	3,353	4,987
Denominated in Currency	-	-	-	-	-
Total	224	-	1,410	3,353	4,987

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.



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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 30/09/2019	Three (3) Months Ended 30/09/2018	Current Year To Date Ended 30/09/2019	Preceding Year To Date Ended 30/09/2018
Net loss attributable to ordinary equity holders of the Company (RM'000)	(3,795)	(6,991)	(11,673)	-
Weighted average number of ordinary shares in issue ('000)	756,172	607,207	756,172	-
Basic loss per share (sen)	(0.50)	(1.15)	(1.54)	-

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 30 September 2019.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/09/2019	Three (3) Months Ended 30/09/2018	Current Year To Date Ended 30/09/2019	Preceding Year To Date Ended 30/09/2018
Net loss attributable to ordinary equity holders of the Company (RM'000)	(3,795)	(6,991)	(11,673)	-
Weighted average number of ordinary shares in issue ('000)	756,172	607,207	756,172	-
Effect of dilution after conversion of all outstanding Warrants ('000)	378,086	378,086	378,086	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	1,134,258	985,293	1,134,258	-
Diluted basic loss per share (sen)	(0.33)	(0.71)	(1.03)	-



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B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/09/2019 RM'000	Three (3) Months Ended 30/09/2018 RM'000	Current Year To Date Ended 30/09/2019 RM'000	Preceding Corresponding Year To Date Ended 30/09/2018 RM'000
Interest Income	(102)	(329)	(307)	N/A
Depreciation and amortisation	69	223	377	N/A
Realised foreign exchange loss	-	-	3	N/A
Impairment loss on trade receivables	450	102	450	N/A
Inventories written-down	-	1,953	-	N/A
Realised loss / (gain) on quoted shares	916	-	916	N/A
Unrealised loss / (gain) on quoted shares	1,144	1,269	1,144	N/A
(Gain) / Loss on disposal of PPE	-	(3)	-	N/A