



DGB ASIA BERHAD (721605-K)

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

| | UNAUDITED INDIVIDUAL QUARTER | | UNAUDITED CUMULATIVE QUARTER | |
|--|--|--|--|---|
| | THREE(3) MONTHS 31-Dec-2018 RM'000 | THREE(3) MONTHS 31-Dec-2017 RM'000 | CURRENT YEAR TO DATE ENDED 3 MONTHS 31-Dec-2018 RM'000 | PRECEDING CORRESPONDING YEAR TO DATE ENDED 3 MONTHS 31-Dec-2017 RM'000 |
| Revenue | 4,005 | 14 | 4,005 | - |
| Operating expenses | (5,183) | (414) | (5,183) | - |
| Other operating income | 17 | - | 17 | - |
| Loss from operations | <u>(1,161)</u> | <u>(400)</u> | <u>(1,161)</u> | <u>-</u> |
| Share of loss of an associate | - | - | - | - |
| Finance expenses | - | - | - | - |
| Loss before tax expenses | <u>(1,161)</u> | <u>(400)</u> | <u>(1,161)</u> | <u>-</u> |
| Tax expenses | - | - | - | - |
| Loss after tax expenses | <u>(1,161)</u> | <u>(400)</u> | <u>(1,161)</u> | <u>-</u> |
| Other comprehensive expense | | | | |
| - Foreign exchange translation from the foreign operations | 98 | (104) | 98 | - |
| Total comprehensive expense | <u>(1,063)</u> | <u>(504)</u> | <u>(1,063)</u> | <u>-</u> |
| Loss attributable to : | | | | |
| Equity holders of the company | (1,161) | (395) | (1,161) | - |
| Minority shareholders | <u>-</u> | <u>(5)</u> | <u>-</u> | <u>-</u> |
| | <u>(1,161)</u> | <u>(400)</u> | <u>(1,161)</u> | <u>-</u> |
| Total comprehensive expense : | | | | |
| Equity holders of the company | (1,062) | (499) | (1,062) | - |
| Minority shareholders | <u>(1)</u> | <u>(5)</u> | <u>(1)</u> | <u>-</u> |
| | <u>(1,063)</u> | <u>(504)</u> | <u>(1,063)</u> | <u>-</u> |
| Loss per share attributable to the equity holders of the Company (sen) | <u>(0.15)</u> | <u>(0.07)</u> | <u>(0.15)</u> | <u>-</u> |
| Diluted loss per share attributable to the equity holders of the Company (sen) | <u>(0.10)</u> | <u>(0.05)</u> | <u>(0.10)</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 3 months financial period end to 31 December 2018.



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| | UNAUDITED AS AT END OF CURRENT QUARTER 31-Dec-2018 RM'000 | AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 30-Sep-2018 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 856 | 916 |
| Investments in an associate | 10,202 | 10,176 |
| | 11,058 | 11,092 |
| Current Assets | | |
| Inventories | 276 | 4,276 |
| Trade receivables | 3,997 | 200 |
| Other receivables, deposits and prepayments | 5,708 | 5,118 |
| Other investments | 3,958 | 2,136 |
| Tax recoverable | 9 | 9 |
| Cash and bank balances | 30,591 | 34,010 |
| | 44,539 | 45,749 |
| | 55,597 | 56,841 |
| TOTAL ASSETS | | |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share Capital | 45,410 | 45,410 |
| Translation reserve | (1,583) | (1,681) |
| Accumulated profits/(losses) | 10,954 | 12,115 |
| Shareholders' funds | 54,781 | 55,844 |
| Minority interests | (116) | (47) |
| Total Equity | 54,665 | 55,797 |
| Current Liabilities | | |
| Trade payables | 4 | 2 |
| Other payables and accruals | 928 | 1,042 |
| | 932 | 1,044 |
| Total Liabilities | 932 | 1,044 |
| TOTAL EQUITY AND LIABILITIES | 55,597 | 56,841 |
| Net assets per share (RM) | 0.07 | 0.11 |

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 31 DECEMBER 2018

| | <----- 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 | - | - | 98 | - | (1,161) | (1,063) | (69) | (1,132) |
| At 31 December 2018 (Unaudited) | <u>45,410</u> | <u>-</u> | <u>(1,583)</u> | <u>-</u> | <u>10,954</u> | <u>54,781</u> | <u>(116)</u> | <u>54,665</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 31 DECEMBER 2018 | | |
|---|---|--|
| | UNAUDITED CURRENT YEAR TO DATE ENDED 31-Dec-2018 | AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-2017 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Loss before tax | (1,161) | - |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 65 | - |
| Interest income | (18) | - |
| Operating loss before working capital changes | (1,114) | - |
| Changes in working capital: | | |
| Decrease in inventories | 4,000 | - |
| Increase in receivables | (4,413) | - |
| Decrease in payables | (112) | - |
| Cash flows generated from operations | (1,639) | - |
| Tax refund | - | - |
| Net cash generated from operating activities | (1,639) | - |
| Cash flows used in investing activities | | |
| Interest income received | 18 | - |
| Purchase of property, plant and equipment | (5) | - |
| Purchase of investment in unquoted shares | (1,822) | - |
| Net cash used in investing activities | (1,809) | - |
| Net increase in cash and cash equivalents | (3,448) | - |
| Foreign exchange fluctuation reserve | 29 | - |
| Cash and cash equivalents at beginning of the financial period/year | 34,010 | - |
| Cash and cash equivalents at end of the financial period/year | 30,591 | - |
| Cash and cash equivalents at the end of the financial period/year comprises the following :- | | |
| Fixed deposits with licensed banks | 30,470 | - |
| Cash and bank balances | 121 | - |
| | 30,591 | - |

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 3 months financial period end to 31 December 2018.



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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 31/12/2018 RM'000 | Three (3) Months Ended 31/12/2017 RM'000 | Current Year To Date Ended 31/12/2018 RM'000 | Preceding Corresponding Year To Date Ended 31/12/2017 RM'000 |
|----------------------------------|---|---|---|---|
| Malaysia | 5 | 14 | 5 | - |
| Thailand | 4,000 | - | 4,000 | - |
| Others | 0 | - | 0 | - |
| | 4,005 | 14 | 4,005 | - |
| Less: Inter-company transactions | - | - | - | - |
| Total revenue | 4,005 | 14 | 4,005 | - |

(b) Analysis of revenue by product categories

| | Three (3) Months Ended 31/12/2018 RM'000 | Three (3) Months Ended 31/12/2017 RM'000 | Current Year To Date Ended 31/12/2018 RM'000 | Preceding Corresponding Year To Date Ended 31/12/2017 RM'000 |
|----------------------------------|---|---|---|---|
| Proprietary software | 400 | 1 | 400 | - |
| Value added products & services | 5 | 13 | 5 | - |
| AIDC hardware / equipment | 3,600 | - | 3,600 | - |
| | 4,005 | 14 | 4,005 | - |
| Less: Inter-company transactions | - | - | - | - |
| Total revenue | 4,005 | 14 | 4,005 | - |



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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 31/12/2018 RM'000 | As at 30/09/2018 RM'000 |
|------------------------------------|--|--|
| Cash and bank balances | 121 | 1,035 |
| Fixed deposits with licensed banks | 30,470 | 32,975 |
| | <u>30,591</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 31 December 2018 versus Previous Year Quarter ended 31 December 2017

| | Individual period (period ended 31 December 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 Dec 2018 | 31 Dec 2017 | | 31 Dec 2018 | 31 Dec 2017 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4,005 | 14 | 3,991 | 4,005 | - | N/A |
| Operating profit / (loss) | (1,161) | (400) | (761) | (1,161) | - | N/A |
| Profit/(Loss) before interest and tax | (1,161) | (400) | (761) | (1,161) | - | N/A |
| Profit/(Loss) before tax | (1,161) | (400) | (761) | (1,161) | - | N/A |
| Profit/(Loss) after tax | (1,161) | (400) | (761) | (1,161) | - | N/A |
| Profit/(Loss) attributable to ordinary equity holders of the parent | (1,161) | (395) | (766) | (1,161) | - | N/A |

For the quarter under review, the Group generated revenue of RM4.005 million and loss before tax expenses (“LBT”) of RM1.161 million respectively, compared with revenue of RM0.014 million and LBT of RM0.40 million in the corresponding quarter of the preceding year ended 31 December 2017. The increase in revenue for the quarter under review was mainly due to higher AIDC and software sold. The increase in LBT for the quarter under review was mainly due to higher operating cost such as staff cost and professional fee in comparison with corresponding quarter of the preceding year ended 31 December 2017.



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B2. Comparison with preceding quarter's results

| | Current Quarter 31/12/2018 RM'000 | Preceding Quarter 30/09/2018 RM'000 | Variance RM'000 |
|---|--|--|--------------------|
| Revenue | 4,005 | 262 | 3,743 |
| Operating Profit | (1,161) | (6,728) | 5,567 |
| Loss before Interest and tax | (1,161) | (6,728) | 5,567 |
| Loss before tax | (1,161) | (6,754) | 5,593 |
| Loss after tax | (1,161) | (7,174) | 6,013 |
| Loss attributable to ordinary equity holders of the parent holders of the parent | (1,161) | (6,987) | 5,826 |

The Group reported a revenue and LBT for the quarter under review of RM4.01 million and RM1.16 million respectively as compared with the preceding quarter's revenue and LBT of RM0.26 million and RM6.75 million respectively. The higher LBT in preceding quarter was mainly due to fair value loss of financial assets and inventory written down recorded.

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 put pressure on DGB's 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. 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 | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 31 December 2018 RM'000 | 31 December 2017 RM'000 | 31 December 2018 RM'000 | 31 December 2017 RM'000 |
| In respect of the current period:- | | | | |
| Current taxation | - | - | - | - |
| Deferred taxation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | - | - |
| In respect of the previous period:- | | | | |
| Taxation | - | - | - | - |
| Deferred taxation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net tax charge/(credit) | <hr/> - | <hr/> - | <hr/> - | <hr/> - |

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 2017) |
| 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 (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 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 | 3,797 | 200 | - | - | 3,997 |
| Denominated in Currency | - | - | - | - | - |
| Total | 3,797 | 200 | - | - | 3,997 |

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 31/12/2018 | Three (3) Months Ended 31/12/2017 | Current Year To Date Ended 31/12/2018 | Preceding Corresponding Year To Date Ended 31/12/2017 |
| Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000) | (1,161) | (395) | (1,161) | - |
| Weighted average number of ordinary shares in issue ('000) | 756,172 | 538,010 | 756,172 | - |
| Basic (loss) / profit per share (sen) | (0.15) | (0.07) | (0.15) | - |

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 2018.

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Three (3) Months Ended 31/12/2018 | Three (3) Months Ended 31/12/2017 | Current Year To Date Ended 31/12/2018 | Preceding Corresponding Year To Date Ended 31/12/2017 |
| Net loss attributable to ordinary equity holders of the Company (RM'000) | (1,161) | (395) | (1,161) | - |
| Weighted average number of ordinary shares in issue ('000) | 756,172 | 538,010 | 756,172 | - |
| Effect of dilution after conversion of all outstanding Warrants ('000) | 378,086 | 243,125 | 378,086 | - |
| Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share | 1,134,258 | 781,135 | 1,134,258 | - |
| Diluted basic loss per share (sen) | (0.10) | (0.05) | (0.10) | - |



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B14. Comprehensive Income Disclosure

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------------|--|--|--|---|
| | Three (3) Months Ended 31/12/2018 RM'000 | Three (3) Months Ended 31/12/2017 RM'000 | Current Year To Date Ended 31/12/2018 RM'000 | Preceding Corresponding Year To Date Ended 31/12/2017 RM'000 |
| Interest Income | (18) | - | (18) | - |
| Depreciation and amortisation | 65 | 224 | 65 | - |