



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	UNAUDITED
	THREE(3) MONTHS	THREE(3) MONTHS	CUMULATIVE QUARTER	PRECEDING
	31-Dec-2019	31-Dec-2018	CURRENT	CORRESPONDING
	RM'000	RM'000	YEAR TO DATE ENDED	YEAR TO DATE ENDED
			15 MONTHS	15 MONTHS
			31-Dec-2019	31-Dec-2018
			RM'000	RM'000
Revenue	311	4,005	7,024	-
Operating expenses	(6,571)	(5,183)	(21,606)	-
Other operating (expense) / income	23	17	159	-
Loss from operations	<u>(6,237)</u>	<u>(1,161)</u>	<u>(14,423)</u>	<u>-</u>
Share of profit / (loss) of an associate	838	-	(2,747)	-
Finance expenses	(3)	-	(3)	-
Profit / (Loss) before tax expenses	<u>(5,402)</u>	<u>(1,161)</u>	<u>(17,173)</u>	<u>-</u>
Tax income / (expenses)	15	-	113	-
Profit / (Loss) after tax expenses	<u>(5,387)</u>	<u>(1,161)</u>	<u>(17,060)</u>	<u>-</u>
Other comprehensive (expense) / income				
- Foreign exchange translation from the foreign operations	(52)	98	13	-
Total comprehensive income / (expense)	<u>(5,439)</u>	<u>(1,063)</u>	<u>(17,047)</u>	<u>-</u>
Profit / (Loss) attributable to :				
Equity holders of the company	(5,387)	(1,161)	(17,060)	-
Minority shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(5,387)</u>	<u>(1,161)</u>	<u>(17,060)</u>	<u>-</u>
Total comprehensive income / (expense) :				
Equity holders of the company	(5,439)	(1,062)	(17,047)	-
Minority shareholders	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u>(5,439)</u>	<u>(1,063)</u>	<u>(17,047)</u>	<u>-</u>
Profit / (Loss) per share attributable to the equity holders of the Company (sen)	<u>(0.70)</u>	<u>(0.15)</u>	<u>(2.25)</u>	<u>-</u>
Diluted profit / (loss) per share attributable to the equity holders of the Company (sen)	<u>(0.44)</u>	<u>(0.15)</u>	<u>(1.40)</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 2019 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 30 September 2019 to 31 December 2019, there were no comparative financial information available for the cumulative year to date 15 months financial period end to 31 December 2019.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	UNAUDITED AS AT END OF CURRENT QUARTER 31-Dec-2019	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 30-Sep-2018
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,732	712
Investments in an associate	7,429	10,176
Intangible assets	200	204
	<u>9,361</u>	<u>11,092</u>
Current Assets		
Inventories	37	4,276
Trade receivables	5,287	200
Other receivables, deposits and prepayments	8,009	5,118
Other investments	3,700	2,136
Tax recoverable	27	9
Cash and bank balances	16,521	34,010
	<u>33,581</u>	<u>45,749</u>
TOTAL ASSETS	<u>42,942</u>	<u>56,841</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	46,953	45,410
Translation reserve	(1,668)	(1,681)
Accumulated losses	(4,945)	12,115
Shareholders' funds	40,340	55,844
Minority interests	(47)	(47)
Total Equity	<u>40,293</u>	<u>55,797</u>
Non-Current Liabilities		
Loan and borrowings	306	-
	<u>306</u>	<u>-</u>
Current Liabilities		
Trade payables	698	2
Other payables and accruals	1,573	1,042
Loan and borrowings	72	-
	<u>2,343</u>	<u>1,044</u>
Total Liabilities	<u>2,649</u>	<u>1,044</u>
TOTAL EQUITY AND LIABILITIES	<u>42,942</u>	<u>56,841</u>
Net assets per share (RM)	<u>0.05</u>	<u>0.07</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.



DGB ASIA BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	<----- 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 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 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 2019	45,410	-	(1,681)	-	12,115	55,844	(47)	55,797
Conversion of warrants	1,543	-	-	-	-	1,543	-	1,543
Total comprehensive income / (expense) for the financial period	-	-	13	-	(17,060)	(17,047)	-	(17,047)
At 31 December 2019 (Unaudited)	<u>46,953</u>	<u>-</u>	<u>(1,668)</u>	<u>-</u>	<u>(4,945)</u>	<u>40,340</u>	<u>(47)</u>	<u>40,293</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.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Dec-2019 RM'000	UNAUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-2018 RM'000
Cash flows from operating activities		
Loss before tax	(17,173)	-
Adjustments for:		
Depreciation of property, plant and equipment	508	-
Share of loss of an associate	2,747	-
Interest income	(109)	-
Operating loss before working capital changes	(14,027)	-
Changes in working capital:		
Decrease in inventories	4,239	-
Increase in receivables	(2,937)	-
Increase in payables	603	-
Cash flows used in operations	(12,122)	-
Tax refund	-	-
Net cash used in operating activities	(12,122)	-
Cash flows from investing activities		
Interest income received	109	-
Purchase of property, plant and equipment	(1,528)	-
Purchase of investment in unquoted shares	(3,961)	-
Net cash used in investing activities	(5,380)	-
Net decrease in cash and cash equivalents	(17,502)	-
Foreign exchange fluctuation reserve	13	-
Cash and cash equivalents at beginning of the financial period/year	34,010	-
Cash and cash equivalents at end of the financial period/year	16,521	-
<u>Cash and cash equivalents at the end of the financial period/year comprises the following :-</u>		
Fixed deposits with licensed banks	16,414	-
Cash and bank balances	107	-
	16,521	-

Note:-

The unaudited Condensed Consolidated Statement of Cash Flows 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.

In view of the change in financial year end from 30 September 2019 to 31 December 2019, there were no comparative financial information available for the 15 months financial period end to 31 December 2019.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

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 except for (1) conversion of 5,325,000 warrants at RM0.12 dated 4 Dec 2019, (2) conversion of 7,225,000 warrants at RM0.12 dated 12 Dec 2019, (3) conversion of 2,695,000 warrants at RM0.12 dated 18 Dec 2019 and (4) conversion of 400,000 warrants at RM0.12 dated 27 Dec 2019.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

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 31/12/2019 RM'000	Three (3) Months Ended 31/12/2018 RM'000	Current Year To Date Ended 31/12/2019 RM'000	Preceding Corresponding Year To Date Ended 31/12/2018 RM'000
Malaysia	311	5	1,172	-
Hong Kong	-	-	1,852	-
Thailand	-	4,000	4,000	-
Indonesia	-	-	-	-
Others	-	0	-	-
	<hr/> 311	<hr/> 4,005	<hr/> 7,024	<hr/> -
Less: Inter-company transactions	-	-	-	-
	<hr/> 311	<hr/> 4,005	<hr/> 7,024	<hr/> -
Total revenue	<hr/> <hr/> 311	<hr/> <hr/> 4,005	<hr/> <hr/> 7,024	<hr/> <hr/> -

(b) Analysis of revenue by product categories

	Three (3) Months Ended 31/12/2019 RM'000	Three (3) Months Ended 31/12/2018 RM'000	Current Year To Date Ended 31/12/2019 RM'000	Preceding Corresponding Year To Date Ended 31/12/2018 RM'000
Proprietary software	-	400	443	-
Value added products & services	311	5	2,728	-
AIDC hardware / equipment	-	3,600	3,853	-
	<hr/> 311	<hr/> 4,005	<hr/> 7,024	<hr/> -
Less: Inter-company transactions	-	-	-	-
	<hr/> 311	<hr/> 4,005	<hr/> 7,024	<hr/> -
Total revenue	<hr/> <hr/> 311	<hr/> <hr/> 4,005	<hr/> <hr/> 7,024	<hr/> <hr/> -



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

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 31/12/2019 RM'000	As at 30/09/2018 RM'000
Cash and bank balances	107	1,035
Fixed deposits with licensed banks	16,414	32,975
	<hr/> <hr/> 16,521	<hr/> <hr/> 34,010



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

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 2019 versus Previous Year Quarter ended 31 December 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)
	31 Dec 2019	31 Dec 2018		31 Dec 2019	31 Dec 2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	311	4,005	(3,694)	7,024	-	N/A
Operating (loss)/profit	(6,237)	(1,161)	(5,076)	(14,423)	-	N/A
(Loss)/Profit before interest and tax	(6,237)	(1,161)	(5,076)	(14,423)	-	N/A
Profit/(Loss) before tax	(5,402)	(1,161)	(4,241)	(17,173)	-	N/A
Profit/(Loss) after tax	(5,387)	(1,161)	(4,226)	(17,060)	-	N/A
Profit/(Loss) attributable to ordinary equity holders of the parent	(5,387)	(1,161)	(4,226)	(17,060)	-	N/A

For the quarter under review, the Group generated revenue of RM0.311 million and loss before tax expenses (“LBT”) of RM5.402 million respectively, compared with revenue of RM4.005 million and LBT”) of RM1.161 million in the corresponding quarter of the preceding year ended 31 December 2018. The decrease in revenue for the quarter under review was mainly due to lower AIDC hardware products sold. The increase in LBT for the quarter under review was mainly reflected the higher impairment loss charged and share of loss of an associate with corresponding quarter of the preceding year ended 31 December 2018.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

B2. Comparison with preceding quarter's results

	Current Quarter 31/12/2019 RM'000	Preceding Quarter 30/09/2019 RM'000	Variance RM'000
Revenue	311	231	80
Operating Loss	(6,237)	(3,170)	(3,067)
Loss before Interest and tax	(6,237)	(3,899)	(3,067)
Loss before tax	(5,402)	(3,899)	(1,503)
Loss after tax	(5,387)	(3,795)	(1,592)
Profit / (Loss) attributable to ordinary equity holders of the parent	(5,387)	(3,795)	(1,592)

The Group reported a revenue and LBT for the quarter under review of RM0.31 million and RM5.40 million respectively as compared with the preceding quarter's revenue and LBT of RM0.23 million and RM3.80 million respectively. The higher LBT in current quarter was mainly due to higher impairment loss charged as compared with preceding quarter ended 30 September 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. In fact a positive return recorded by the hotel investment from the period Oct 2019 to Dec 2019. 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.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

B4. Tax expenses

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
In respect of the current period:-				
Current taxation	(15)	-	-	-
Overprovision	-	-	(113)	-
Net tax Expense/(income)	(15)	-	(113)	-
In respect of the previous period:-				
Taxation	(15)	-	-	-
Overprovision	-	-	(113)	-
Deferred taxation	-	-	-	-
Net tax charge/(credit)	(15)	-	(113)	-

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.



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 31 December 2019

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	

Please be noted that the Board had via their announcement at 10 January 2020 to amend the utilization of proceeds raised from this right issues.

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 31 December 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	300	500	-	4,487	5,287
Denominated in Currency	-	-	-	-	-
Total	300	500	-	4,487	5,287

B10. Material litigation

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



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

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 31/12/2019	Three (3) Months Ended 31/12/2018	Current Year To Date Ended 31/12/2019	Preceding Corresponding Year To Date Ended 31/12/2018
Net profit loss attributable to ordinary equity holders of the Company (RM'000)	(5,387)	(1.161)	(17,060)	-
Weighted average number of ordinary shares in issue ('000)	765,777	756,172	758,094	-
Basic loss per share (sen)	(0.70)	(0.15)	(2.25)	-

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 2019.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2019	Three (3) Months Ended 31/12/2018	Current Year To Date Ended 31/12/2019	Preceding Corresponding Year To Date Ended 31/12/2018
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(5,387)	(1.161)	(17,060)	-
Weighted average number of ordinary shares in issue ('000)	765,777	756,172	756,172	-
Effect of dilution after conversion of all outstanding Warrants ('000)	458,707	-	458,707	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings	1,224,484	756,172	1,214,879	-



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 2019

per share

Diluted basic profit / (loss) per share (sen)	(0.44)	(0.15)	(1.40)	-
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B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2019 RM'000	Three (3) Months Ended 31/12/2018 RM'000	Current Year To Date Ended 31/12/2019 RM'000	Preceding Corresponding Year To Date Ended 31/12/2018 RM'000
Interest Income	198	(18)	(109)	N/A
Depreciation and amortisation	131	65	508	N/A
Realised foreign exchange loss	-	-	3	N/A
Impairment loss on trade receivables	-	-	450	N/A
Impairment loss on other receivables	5,536	-	5,536	N/A
Inventories written-down	1	-	1	N/A
Realised loss / (gain) on quoted shares	827	-	1,743	N/A
Unrealised loss / (gain) on quoted shares	-	-	1,144	N/A