

DGB ASIA BERHAD (200601001857)(721605-K) QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 30 June 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	UNAUDITED INDIVIDUA	UNAUDITED UNAUDITED INDIVIDUAL QUARTER		UNAUDITED VE QUARTER PRECEDING	
	THREE(3) MONTHS	THREE(3) MONTHS	CURRENT YEAR TO DATE ENDED 6 MONTHS	CORRESPONDING YEAR TO DATE ENDED 6 MONTHS	
	30-Jun-2020 RM'000	30-Jun-2019 RM'000	30-Jun-2020 RM'000	30-Jun-2019 RM'000	
Revenue	912	2,171	4,603	-	
Operating expenses	(2,292)	(4,024)	(6,869)	-	
Other operating income	2,422	244	1,403	-	
Profit / (Loss) from operations	1,042	(1,609)	(863)	-	
Share of loss of an associate	(985)	(2,856)	(985)	-	
Finance expenses	(3)	-	(8)	-	
Profit / (Loss) before tax expenses	54	(4,465)	(1,856)	-	
Tax income / (expenses)	-	(6)	-	-	
Profit /(Loss) after tax expenses	54	(4,471)	(1,856)		
Other comprehensive income / (expenses) - Foreign exchange translation from the foreign operations	137	(16)	137	-	
Total comprehensive income / (expense)	191	(4,487)	(1,719)		
Des St. (Cons.) attributely as					
Profit /(Loss) attributable to : Equity holders of the company	54	(4,471)	(1,856)	-	
Minority shareholders	54	(4,471)	(1,856)		
Total comprehensive income / (expense) : Equity holders of the company Minority shareholders	191 -	(4,487)	(1,719)	- -	
	191	(4,487)	(1,719)		
Profit /(Loss) per share attributable to the equity holders of the Company (sen)	0.01	(0.59)	(0.22)	-	
Diluted profit / (loss) per share attributable to the equity holders of the Company (sen) $$	0.004	(0.39)	(0.15)		

Note:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 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 derivaties 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 6 months financial period end to 30 June 2020.



DGB ASIA BERHAD (200601001857)(721605-K) QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 30 June 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	UNAUDITED AS AT END OF CURRENT QUARTER 30-Jun-2020	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31-Dec-2019
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,667	1,738
Investments in an associate	6,444	7,429
Intangible assets	175 8,286	9,367
Current Assets		
Inventories	55	37
Trade receivables	9,661	5,287
Other receivables, deposits and prepayments	23,840	9,228
Other investments	4,601	3,700
Tax recoverable	31	27
Cash and bank balances	5,751	16,470
	43,939	34,749
TOTAL ASSETS	52,225	44,116
EQUITY AND LIABILITIES Equity attributable to equity holders of the Company		
Share Capital	57,979	48,179
Translation reserve	(1,531)	(1,668)
Accumulated losses Shareholders' funds	(6,827) 49,621	(4,971) 41,540
Shareholders funds		41,340
Minority interests	(47)	(47)
Total Equity	49,574	41,493
Non-Current Liabilities Loan and borrowings	365	325
	365	325
Current Liabilities		
Trade payables	687	698
Other payables and accruals	1,511	1,546
Loan and borrowings	88	54
	2,286	2,298
Total Liabilities	2,651	2,623
TOTAL EQUITY AND LIABILITIES	52,225	44,116
Net assets per share (RM)	0.06	0.05

Note:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



DGB ASIA BERHAD (200601001857)(721605-K) QUARTERLY REPORT ON CONSOLIDATED RESULTS Quarterly Report For The Period Ended 30 June 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

Non-Distributable

	<>					
	Share Capital RM'000	Translation 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	45,410	(1,681)	12,115	55,844	(47)	55,797
Issuance of shares	-	-	-	-	-	-
Conversion of warrants	2,769	-	-	2,769	-	2,769
Total comprehensive expense for the financial period	-	13	(17,086)	(17,073)	-	(17,073)
At 31 December 2019 (audited)	48,179	(1,668)	(4,971)	41,540	(47)	41,493
At 1 January 2020	48,179	(1,668)	(4,971)	41,540	(47)	41,493
Conversion of warrants	733	-	-	733	-	733
ESOS	6,850	-	-	6,850	-	6,850
Private placement	2,217	-	-	2,217	-	2,217
Total comprehensive income / (expense) for the financial period	-	137	(1,856)	(1,719)	-	(1,719)
At 30 June 2020 (Unaudited)	57,979	(1,531)	(6,827)	49,621	(47)	49,574

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 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR	THE PERIOD ENDED 30 JUNE UNAUDITED CURRENT YEAR	2020 UNAUDITED AS AT PRECEDING
	TO DATE ENDED 30-Jun-2020	FINANCIAL YEAR ENDED AT 30-Jun-2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(1,856)	-
Adjustments for:		
Depreciation of property, plant and equipment	314	-
Fair value gain of financial assets recognised in profit and loss	(1,534)	-
Share of loss of an associate	985	-
Interest income		-
Operating loss before working capital changes	(2,091)	-
Changes in working capital:		
Decrease in inventories	(18)	-
Increase in receivables	(18,303)	-
Increase in payables	(1)	-
Cash flows used in operations	(20,413)	-
Tax refund	-	-
Net cash used in operating activities	(20,413)	
Cash flows from investing activities		
Interest income received	-	-
Purchase of property, plant and equipment	(243)	-
Purchase of investment in unquoted shares		
Net cash used in investing activities	(243)	-
Cash flows from financing activities		
Issuance of share capital	9,800	
Net cash from financing activities	9,800	-
Net decrease in cash and cash equivalents	(10,856)	-
Foreign exchange fluctuation reserve	137	-
Cash and cash equivalents at beginning of the financial period/year	16,470	
Cash and cash equivalents at end of the financial period/year	5,751	-
Cash and cash equivalents at the end of the financial period/year comprises the following:-		
Fixed deposits with licensed banks	409	-
Cash and bank balances	5,342	
	5,751	-

Note:-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 6 months financial period end to 30 June 2020.



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 December 2019.

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 December 2019, 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 January 2020. 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

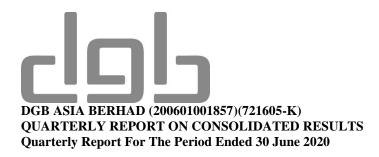
There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

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) subscription of 39,000,000 esos at RM0.025 dated 8 May 2020, (2) subscription of 39,000,000 esos at RM0.025 dated 15 May 2020, (3) subscription of 42,000,000 esos at RM0.025 dated 22 May 2020, (4) subscription of 44,500,000 esos at RM0.025 dated 2 June 2020, (5) subscription of 44,500,000 esos at RM0.025 dated 4 June 2020, (6) subscription of 15,600,000 esos at RM0.025 dated 10 June 2020, (7) subscription of 44,000,000 esos at RM0.075 dated 15 June 2020, (8) private placement of 99,435,000 shares at RM0.0223 dated 19 June 2020, and (9) subscription of 13,000,000 esos at RM0.025 dated 24 June 2020.



A7. Dividend

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

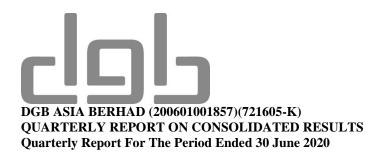
A8. Segmental information

(a) Analysis of revenue by geographical area

		Three (3) Months Ended 30/06/2020 RM'000	Three (3) Months Ended 30/06/2019 RM'000	Current Year To Date Ended 30/06/2020 RM'000	Preceding Corresponding Year To Date Ended 30/06/2019 RM'000
Malaysia		912	319	924	-
Hong Kong		-	1,852	-	
Thailand		-	-	3,679	-
Indonesia		-	-	-	
Others		-	-	-	-
	·	912	2,171	4,603	-
Less: transactions	Inter-company	-	-	-	
Total revenue	: -	912	2,171	4,603	-

(b) Analysis of revenue by product categories

	Three (3) Months Ended 30/06/2020 RM'000	Three (3) Months Ended 30/06/2019 RM'000	Current Year To Date Ended 30/06/2020 RM'000	Preceding Corresponding Year To Date Ended 30/06/2019 RM'000
Proprietary software	-	17	368	-
Value added products & services	912	2,132	924	-
AIDC hardware / equipment	-	22	3,311	-
	912	2,171	4,603	-
Less: Inter-company transactions	-	-	-	-
Total revenue	912	2,171	4,603	_



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 except for the disclosure in note B15.

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 30/06/2020 RM'000	As at 31/12/2019 RM'000
Cash and bank balances	5,342	57
Fixed deposits with licensed banks	409	16,413
·	5,751	16,470



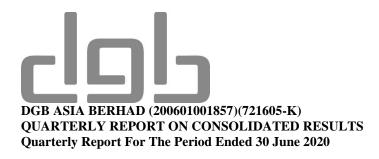
ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance

Current Year Quarter ended 30 June 2020 versus Previous Year Quarter ended 30 June 2019

	Individual period			Cumulative period		
	(period e	(period ended 30 June 2020)				
	Current	Preceding Year	Changes	Current Year-	Preceding Year	Changes
	Year	Corresponding	(in	to-date	Corresponding	(in
	Quarter	Quarter	Amount)		Period	Amount)
	30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	912	2,171	(1,259)	4,603	-	N/A
Operating	1,042	(1,609)	2,651	(863)	-	N/A
profit/(loss)						
Profit/(Loss)	57	(4,465)	4,522	(1,848)	-	N/A
before						
interest and						
tax						
Profit/(Loss)	54	(4,465)	4,519	(1,856)	-	N/A
before tax						
Profit/(Loss)	54	(4,471)	4,525	(1,856)	-	N/A
after tax						
Profit/(Loss)	54	(4,471)	4,525	(1,856)	-	N/A
attributable						
to ordinary						
equity						
holders of						
the parent						

For the quarter under review, the Group generated revenue of RM0.912 million and profit before tax expenses ("PBT") of RM0.057 million respectively, compared with revenue of RM2.171 million and loss before tax expenses ("LBT") of RM4.465 million in the corresponding quarter of the preceding period ended 30 June 2019. The decrease in revenue for the quarter under review was mainly due to significant decrease of value added products sold to Hong Kong customers as compared to preceding quarter 30 June 2019. The improved performance for the quarter under review was mainly due to the lower operation expenses as well as higher fair value adjustment in quoted securities as compared to quarter of the preceding period ended 30 June 2019.



B2. Comparison with preceding quarter's results

	Current	Preceding	
	Quarter	Quarter	Variance
	30/06/2020	31/03/2020	
	RM'000	RM'000	RM'000
Revenue	912	3,691	(2,779)
Operating profit / (loss)	1,042	(1,905)	2,947
Profit / (Loss) before Interest and tax	57	(1,905)	1,962
Profit / (Loss) before tax	54	(1,910)	1,964
Profit / (Loss) after tax	54	(1,910)	1,964
Profit / (Loss) attributable to ordinary equity			
holders of the parent holders of the parent	54	(1,910)	1,964

The Group reported a revenue and PBT for the quarter under review of RM0.91 million and RM0.05 million respectively as compared with the preceding quarter's revenue and LBT of RM3.69 million and RM1.91 million respectively. The improve performance in current quarter was mainly due to reversal of impairment loss no longer required as compared with preceding quarter ended 31 March 2020.

B3. Prospects

The prospects ahead for the Group will be challenging in both domestic and overseas markets due to weakening global demand and its effects on the domestic economy as well as the depreciation of Ringgit Malaysia, which continues to put pressure on the operating costs and profitability of our Group. While Malaysia's growth prospect is encouraging, we believe uncertainties arising from global trade tensions (especially that of the United States and China) together with geopolitical uncertainties surrounding Brexit could dampen growth momentum in the near-term. This would in turn lead to softer growth for exports. 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. 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 October 2019 to December 2019. As such, the Company had on 3 August 2020 shown its intention to subscribe additional shares in CLI Investment Ltd ("CLI") which in turn will turn CLI into one of the Group subsidiary. 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

Taxation comprises the following:-

	Individual quarter ended		Cumulativ	ve quarter ended
	30	30	30	30
	June 2020 RM'000	June 2019 RM'000	June 2020 RM'000	June 2019 RM'000
In respect of the current period:-				
Current taxation	-	6	-	N/A
Overprovision	-	-	-	
Net tax Expense/(income)	-	6	-	N/A
In respect of the previous period:-				
Taxation	-	-	-	N/A
Overprovision	-	-	-	N/A
Deferred taxation	-			N/A
Net tax charge/(credit)	-			N/A

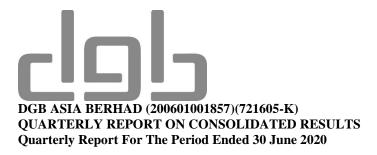
B5. Profit forecast and profit guarantee

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 except for:-

- 1.) the Company proposes to undertake the private placement of up to 349,916,000 new ordinary shares in the Company ("DGB Shares" or "Shares"), representing 30% of the total number of issued shares of the Company, to independent third-party investors to be identified later at an issue price to be determined later ("Placement Shares") ("Proposed Private Placement"). Please refer to announcements dated 3 July 2020, 10 July 2020, 21 July 2020, 5 August 2020 and 11 August 2020 for further details.
- 2.) The Company wishes to announce that DGB Networks Sdn. Bhd. ("DGB Networks"), a wholly owned subsidiary of the Company, had on 16 April 2020 entered into a memorandum of understanding ("MOU") with XOX Media Sdn. Bhd. ("XOX Media") for the purpose of collaboration to deploy next generation digital vending machines. Please refer to announcements dated 16 April 2020 and 15 June 2020 for further details.
- 3.) The Company wishes to announce that had on 3 August 2020 entered into a Share Subscription Agreement with CLI Investment for the subscription of additional 8,000,000 new ordinary shares of USD0.125 each in the enlarged issued share capital of CLI Investment, for a total subscription price of USD998,851 (approximately RM4,245,115) ("Subscription"). Please refer to announcements dated 3 August 2020 and 6 August 2020 for further details.



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

(i.) Private placement

The utilisation of the proceeds of RM2,217,401 from the Rights Issues of 99,435,000 new ordinary shares of RM0.0223 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	
Working capital	2,151	2,151	-	Within 12 months
Estimated expenses in relation to the corporate exercises	66	66	-	Within 2 weeks
Total estimated proceeds	2,217	2,217	-	

B8. Borrowings and debt securities

There were no borrowings as at the end of the current quarter under review except for:-

Short Term Borrowings	RM'000
Lease Liabilities	30
Right-of-use Assets	58
	88
Long Term Borrowings Lease Liabilities	307
Right-of-use Assets	58
	365
Total	453

The Group does not have any foreign borrowings and debt securities as at the date of this report.



B9. Trade receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 5 months (2019: 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 June 2020					
	Current	1 – 3	3 – 6	More than	Total	
		months	months	6 months		
	RM'000	RM'000	RM'000	RM'000	RM'000	
Denominated in RM	912	3,691	800	4,258	9,661	
Denominated	-	-	-	-	-	
in Currency						
Total	912	3,691	800	4,258	9,661	

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 Preceding	
	Three (3) Months Ended 30/06/2020	Three (3) Months Ended 30/06/2019	Current Year To Date Ended 30/06/2020	Corresponding Year To Date Ended 30/06/2019
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	54	(4.471)	(1,856)	<u>-</u>
Weighted average number of ordinary shares in issue ('000)	840,025	756,172	840,025	<u>-</u>
Basic profit / (loss) per share (sen)	0.01	(0.59)	(0.22)	-



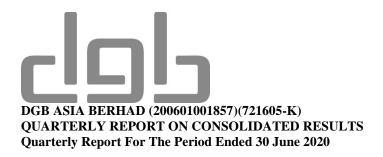
2) <u>Diluted Earnings per ordinary shares</u>

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 June 2020.

	Individual Quarter		Cumulative Quarter Preceding	
	Three (3) Months Ended 30/06/2020	Three (3) Months Ended 30/06/2019	Current Year To Date Ended 30/06/2020	Corresponding Year To Date Ended 30/06/2019
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	54	(4.471)	(1,856)	<u>-</u>
Weighted average number of ordinary shares in issue ('000) Effect of dilution after conversion	840,025	756,172	840,025	-
of all outstanding Warrants ('000) Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings	378,904	378,086	378,904	
per share	1,218,929	1,134,258	1,218,929	
Diluted basic profit / (loss) per share (sen)	0.004	(0.39)	(0.15)	-

B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter		
				Preceding	
	Three (3) Months Ended 30/06/2020 RM'000	Three (3) Months Ended 30/06/2019 RM'000	Current Year To Date Ended 30/06/2020 RM'000	Year To Date Ended 30/06/2019 RM'000	
Interest Income	-	(200)	-	N/A	
Depreciation and amortisation	148	148	314	N/A	
Unrealised loss / (gain) on quoted shares	(2,553)	3	(1,534)	N/A	



B15. Subsequent events

The Coronavirus "COVID-19" pandemic has had an impact on the Group's operations and business. As the pandemic has not ended the Group is still assessing the financial impact of Covid 19 as the Group have investment overseas and need to assess the pandemic in the foreign jurisdiction which differs than Malaysia. The Group will only recognise the financial impact in the financial statements for the financial year ending 31 December 2020 as when it could be reliably measured.