



DGB ASIA BERHAD
(Registration No.: 200601001857 (721605-K))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021
(UNAUDITED)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED 30-Sep-2021 RM'000	UNAUDITED 30-Sep-2020 RM'000	UNAUDITED 30-Sep-2021 RM'000	UNAUDITED 30-Sep-2020 RM'000
Revenue	4,323	1,885	15,045	6,488
Operating expenses	(8,998)	(10,032)	(22,445)	(16,901)
Other operating expenses	(5,729)	4,598	(23,437)	6,001
Loss from operations	(10,404)	(3,549)	(30,837)	(4,412)
Share of loss in an associate company	-	985	-	-
Finance expenses	(6)	(3)	(17)	(11)
Loss before tax expenses	(10,410)	(2,567)	(30,854)	(4,423)
Tax income	-	-	-	-
Loss after tax expenses	(10,410)	(2,567)	(30,854)	(4,423)
Other comprehensive loss, net of tax				
- Foreign currency translation differences for foreign operations	531	1,675	406	1,812
Total comprehensive loss for the period	(9,879)	(892)	(30,448)	(2,611)
Loss net of tax attributable to :				
Owners of the Company	(8,184)	(2,451)	(24,764)	(4,307)
Non-controlling interests	(2,226)	(116)	(6,090)	(116)
	(10,410)	(2,567)	(30,854)	(4,423)
Total comprehensive loss attributable to :				
Owners of the Company	(7,631)	(1,008)	(24,277)	(2,727)
Non-controlling interests	(2,248)	116	(6,171)	116
	(9,879)	(892)	(30,448)	(2,611)
Loss per share attributable to owners of the Company:				
Basic loss per share (sen per share)	(0.66)	(0.24)	(2.00)	(0.42)
Diluted loss per share (sen per share)	(0.66)	(0.18)	(2.00)	(0.32)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	UNAUDITED AS AT 30-Sep-2021 RM'000	AUDITED AS AT 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Intangible assets	12,052	8,187
Intangible assets under development	-	4,000
Property, plant and equipment	43,021	39,639
Right of use assets	157,900	161,588
Total non-current assets	<u>212,973</u>	<u>213,414</u>
Current assets		
Inventories	3,450	444
Trade receivables	972	5,533
Other receivables, deposits and prepayments	27,678	41,100
Other investments	5,232	2,955
Tax recoverable	32	36
Deposits with financial institution	81,479	597
Fixed deposits with non-financial institution	60	60
Cash and bank balances	33,174	16,625
Total current assets	<u>152,077</u>	<u>67,350</u>
TOTAL ASSETS	<u><u>365,050</u></u>	<u><u>280,764</u></u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	228,592	83,499
Reserves	(45,883)	(21,606)
Equity attributable to Owners of the Company	<u>182,709</u>	<u>61,893</u>
Non-controlling interests	(5,385)	(3,714)
Total equity	<u>177,324</u>	<u>58,179</u>
Non-current liabilities		
Finance lease liability	231	231
Lease liabilities	156,113	149,433
Total non-current liabilities	<u>156,344</u>	<u>149,664</u>
Current liabilities		
Trade payables	1,830	3,108
Other payables and accruals	26,124	56,582
Finance lease liability	19	75
Lease liability	3,409	13,156
Total current liabilities	<u>31,382</u>	<u>72,921</u>
Total liabilities	<u>187,726</u>	<u>222,585</u>
TOTAL EQUITY AND LIABILITIES	<u><u>365,050</u></u>	<u><u>280,764</u></u>
Net Assets per share attributable to Owners of the Company (RM)	<u>0.147</u>	<u>0.386</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	<----- Attributable to owners of the Company ----->								
	<----- Non-distributable ----->				Distributable		Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Option Reserve RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000				
Audited									
At 1 January 2020	48,179	-	-	(1,668)	(4,972)	41,539	(47)	41,492	
Transaction with owners:									
Grant of shares issuance scheme	-	4,296	-	-	-	4,296	-	4,296	
Lapse of shares issuance scheme	-	(2,486)	-	-	-	(2,486)	-	(2,486)	
Issuance of ordinary shares pursuant to:									
- conversion of warrant	732	-	-	-	-	732	-	732	
- exercise of shares issuance scheme	12,565	(1,810)	-	-	-	10,755	-	10,755	
- private placement	22,023	-	-	-	-	22,023	-	22,023	
Total transaction with owners	35,320	-	-	-	-	35,320	-	35,320	
Write off of subsidiary company	-	-	-	1,668	(1,668)	-	47	47	
Acquisition of subsidiary company	-	-	-	-	-	-	(2,011)	(2,011)	
Loss for the financial year	-	-	-	-	(13,437)	(13,437)	(319)	(13,756)	
Other comprehensive loss:									
- Foreign currency translation difference for foreign operations	-	-	-	(1,529)	-	(1,529)	(1,384)	(2,913)	
Total comprehensive loss for the financial year	-	-	-	(1,529)	(13,437)	(14,966)	(1,703)	(16,669)	
At 31 December 2020	83,499	-	-	(1,529)	(20,077)	61,893	(3,714)	58,179	
Unaudited									
At 1 January 2021	83,499	-	-	(1,529)	(20,077)	61,893	(3,714)	58,179	
Transaction with owners:									
Issuance of ordinary shares pursuant to:									
- exercise of shares issuance scheme	30,328	-	-	-	-	30,328	-	30,328	
- private placement	114,765	-	12,259	-	(12,259)	114,765	-	114,765	
Total transaction with owners	145,093	-	12,259	-	(12,259)	145,093	-	145,093	
Acquisition of subsidiary company	-	-	-	-	-	-	4,500	4,500	
Loss for the financial year	-	-	-	-	(24,764)	(24,764)	(6,090)	(30,854)	
Other comprehensive loss:									
- Foreign currency translation difference for foreign operations	-	-	-	487	-	487	(81)	406	
Total comprehensive loss for the financial year	-	-	-	487	(24,764)	(24,277)	(6,171)	(30,448)	
At 30 September 2021	228,592	-	12,259	(1,042)	(57,100)	182,709	(5,385)	177,324	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	12 MONTHS ENDED	
	UNAUDITED 30-Sep-2021 RM'000	UNAUDITED 30-Sep-2020 RM'000
Cash flows from operating activities		
Loss before tax	(30,854)	(4,423)
Adjustments for:		
Amortisation of intangible asset	258	-
Amortisation of right of use assets	3,689	-
Depreciation of property, plant and equipment	1,534	501
Employee benefit expenses	2,554	-
Impairment in trade receivable	3,549	-
Gain on disposal of other investment	(825)	-
Fair value adjustments other investments	7,560	(6,135)
Interest expenses	405	-
Interest income	(1,119)	-
Operating loss before tax	(13,249)	(10,057)
Changes in working capital:		
Decrease in inventories	(3,006)	(493)
Increase in receivables	12,400	(19,911)
Increase in payables	(30,114)	2,058
Cash used in operations	(33,969)	(28,403)
Tax paid	4	-
Net cash used in operating activities	(33,965)	(28,403)
Cash flows from investing activities		
Interest received	1,119	-
Acquisition of other investment	(10,434)	-
Acquisition of intangible assets	(123)	-
Acquisition of property, plant and equipment	(4,917)	(243)
Proceeds from disposal of other investments	2,493	-
Net cash used in investing activities	(11,862)	(243)
Cash flows from financing activities		
Directors	(796)	-
Related parties	126	-
Finance lease liabilities	(58)	-
Lease liabilities	(3,463)	-
Acquisition of non-controlling interests	4,500	-
Proceeds from issuance of shares	142,540	33,510
Net cash from financing activities	142,849	33,510
Net increase in cash and cash equivalents	97,022	4,864
Effects on exchange rate on cash and cash equivalents	409	1,627
Cash and cash equivalents at beginning of year	17,282	16,470
Cash and cash equivalents at end of the financial period/year	114,713	22,961
<u>Cash and cash equivalents at the end of the financial period/year comprises the following :-</u>		
Deposits with financial institution	81,479	-
Fixed deposits with non-financial institution	60	409
Cash and bank balances	33,174	22,552
	114,713	22,961

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes to the interim financial report.

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the guidance and recommendations set out in Issues Communication – Guidance on Disclosures in Notes to Quarterly Report (“ICN 1/2017”) and Issuers Communication - Disclosure Guidance on COVID-19 Related Impacts and Investments (ICN 1/2020”) issued by Bursa Malaysia.

The interim financial report should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2020 (“Audited Financial Statements”). The selected explanatory notes attached to these interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest Audited Financial Statements except for the adoption of the following new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) which are effective for the financial year beginning 1 January 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform – Phase 2

The adoption of the above MFRS, amendments/improvements to MFRSs and IC Int did not have any material financial impact to the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 3	Business Combination - Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRSs 2018 - 2020 Cycle)

A1. Basis of preparation (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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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

There were no significant seasonal or cyclical factors affecting the operations of the Group.

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 was 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 quarter and financial year except for:

	3 MONTHS ENDED		12 MONTHS ENDED	
	30-Sep-21		30-Sep-21	
	No. of shares	RM'000	No. of shares	RM'000
(i) Rights Issue with Warrants (RIWW)	-	-	956,377,178	114,765,261
(ii) Private Placement (PP)	270,321,000	10,299,230	270,321,000	10,299,230
(iii) Share Issuance Scheme (SIS)	-	-	235,000,000	17,475,000

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,938	1,885	3,994	2,809
Thailand	-	-	760	3,679
Taiwan	2,628	-	10,534	-
	<u>4,566</u>	<u>1,885</u>	<u>15,288</u>	<u>6,488</u>
Less: Inter-company transactions	(243)	-	(243)	-
Total revenue	<u>4,323</u>	<u>1,885</u>	<u>15,045</u>	<u>6,488</u>

(b) Analysis of revenue by product categories

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Hotel services	2,628	-	10,534	-
Logistics services	145	192	377	-
Proprietary software	-	-	834	368
Value added products (Fast-moving consumer goods)	8	1,693	1,758	924
Vending machine	1,785	-	1,785	-
AIDC Hardware/equipment	-	-	-	3,311
	<u>4,566</u>	<u>1,885</u>	<u>15,288</u>	<u>4,603</u>
Less: Inter-company transactions	(243)	-	(243)	-
Total revenue	<u>4,323</u>	<u>1,885</u>	<u>15,045</u>	<u>4,603</u>

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

On 4 August 2021, the Company announced the proposed joint venture between DGB Networks Sdn. Bhd. (“DGB Networks”), a wholly owned subsidiary of the Company and XOX Media Sdn. Bhd. (“XOX Media”) had been completed and a joint venture corporation named Spacedx Sdn. Bhd. (“Spacedx”) had been incorporated. DGB Networks holds 55% equity stake in Spacedx and the balance 45% equity stake is held by XOX Media.

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Sales of vending machine:				
Subsidiary	243	-	243	-
Related Companies	1,542	-	1,542	-
	<u>1,785</u>	<u>-</u>	<u>1,785</u>	<u>-</u>
Purchases of networks subscription:				
Related Companies	11	-	11	-
	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>

A15. Cash and cash equivalents

	UNAUDITED	AUDITED
	AS AT	AS AT
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Deposits with financial institution	81,479	597
Fixed deposits with non-financial institution	60	60
Cash and bank balances	33,174	16,625
	<u>114,713</u>	<u>17,282</u>

B ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

	3 MONTHS ENDED			12 MONTHS ENDED		
	UNAUDITED	UNAUDITED	Changes	UNAUDITED	UNAUDITED	Changes
	30-Sep-21	30-Sep-20		30-Sep-21	30-Sep-20	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,323	1,885	2,438	15,045	6,488	8,557
Operating loss	(10,404)	(3,549)	(6,855)	(30,837)	(4,412)	(26,425)
Loss before interest and tax	(10,404)	(2,564)	(7,840)	(30,837)	(4,412)	(26,425)
Loss before tax	(10,410)	(2,567)	(7,843)	(30,854)	(4,423)	(26,431)
Loss after tax	(10,410)	(2,567)	(7,843)	(30,854)	(4,423)	(26,431)
Loss attributable to owners of the Company	(8,184)	(2,451)	(5,733)	(24,764)	(4,307)	(20,457)

Current Year Quarter ended 30 September 2021 versus Previous Year Quarter ended 30 September 2020

For the current financial quarter under review, the Group generated revenue of RM4.3 million and loss before tax (“LBT”) of RM10.4 million respectively, compared with revenue of RM1.9 million and LBT of RM2.6 million in the corresponding quarter of the preceding year ended 30 September 2020. The increase in revenue for the current financial quarter under review was mainly due to the revenue contribution from hotel operation in Taiwan and higher logistics services and valued-added products and vending machine sold as compared to corresponding quarter of the preceding year ended 30 September 2020. The current financial quarter LBT of RM10.4 million was higher than preceding corresponding financial quarter mainly due to higher operating expenses, depreciation and amortisation from the hotel operation and unrealised loss on other investment incurred in the current financial quarter.

B2. Comparison with preceding quarter’s results

	3 MONTHS ENDED		
	30-Sep-21	30-Jun-21	Changes
	RM'000	RM'000	RM'000
Revenue	4,323	3,935	388
Operating loss	(10,404)	(12,562)	2,158
Loss before interest and tax	(10,404)	(12,562)	2,158
Loss before tax	(10,410)	(12,568)	2,158
Loss after tax	(10,410)	(12,568)	2,158
Loss attributable to owners of the Company	(8,184)	(10,428)	2,244

The Group recorded a revenue and LBT for the current financial quarter under review of RM4.3 million and RM10.4 million respectively as compared with the preceding financial quarter’s revenue and LBT of RM3.9 million and RM12.6 million respectively. The revenue generated was consistent between the two quarters. The LBT for the quarter under review, however, was lower mainly due to lower unrealised loss on other investment charged as compared with preceding quarter ended 30 June 2021.

B3. Prospects

The Group has embarked on several initiatives to mitigate the challenging business and economic conditions during this trying period. These include: -

i. Expansion of logistics business

The Group intends to further expand its services by launching a new business line of last mile delivery services. The new last mile delivery services are targeted to serve the courier and logistics companies with limited resources in order to create a more cost-efficient ecosystem in the last mile delivery market segment by consolidating all parcels from different delivery providers destined for the same postcode. The Group is currently in discussions with a few logistics companies.

ii. Expansion of smart vending machine business

The Group's progress of smart vending machine deployments had been slightly hindered due to the government imposed extended lockdowns nationwide. However, the Group still continuously deploys smart vending machines at numerous strategic locations all across Klang Valley.

With the rapid pace of vaccination rate in Malaysia, the Federal Government is beginning to ease Covid-19 restrictions, allowing physical stores and malls to resume operations. This allows the Group to utilise the digital screens on the vending machines to generate an additional stream of revenue via advertisement placements. The large digital screens on the vending machines are designed to attract the attention of passersby and providing brand owners with an alternative advertising platform. Furthermore, the sales data analytics that are integrated with the smart vending machines will provide brand owners with valuable insights on consumers' purchasing behaviour.

iii. Hotel business in Taiwan

The Group intends to utilise the proceeds to be raised from the Proposed Private Placement for the upgrading of Kimpton Da An Hotel. The upgrading of the Kimpton Da An Hotel is aimed at improving the competitiveness and attractiveness of the hotel. It will also enhance and renew the hotel's image to capitalise on the expected surge in tourist arrivals as vaccination rollouts increase and international travel restrictions are lifted.

With the addition of a Japanese restaurant, a private club lounge and a gallery space, the Group aims to attract more customers visiting Kimpton Da An Hotel's new offerings. These new offerings are expected to contribute positively to the future earnings of the Group and will help provide additional sources of revenue in addition to hotel room revenue.

The availability of adequate working capital, minimal gearing and the implementation of the business initiatives stated above will help to sustain the Group in the year ahead.

ICN1 2020 Disclosure Guidance on Covid-19 Related Impacts and Investments

The Coronavirus "COVID-19" pandemic has had an impact on the Group's operations and business as well as the Group's customers and suppliers to some extent. 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 overall financial effect cannot be reliably estimated as of the approval date of these interim financial report. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position, and operating results of the Group. The Group will only recognise the financial impact in the financial statements for the financial year ending 31 December 2021 as when it could be reliably measured.

B4. Income tax expenses

Taxation comprises the following: -

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED 30-Sep-21 RM'000	UNAUDITED 30-Sep-20 RM'000	UNAUDITED 30-Sep-21 RM'000	UNAUDITED 30-Sep-20 RM'000
Income tax:				
- Current year tax	-	-	-	-
- Over provision in prior years	-	-	-	-
- Deferred tax expense	-	-	-	-
Net income tax expense/(income)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Overprovision	-	-	-	-
Deferred taxation	-	-	-	-
Net tax charge/(credit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

The following are the corporate proposals previously announced by the Company that remained uncompleted as at the date of this report: -

- i. The Board of Directors of DGB Asia Berhad (“Board”) wishes to announce that the Company had on 5 January 2021 executed a Letter of Intent (“LOI”) with Pei Lai Choon (“Vendor”) for the proposed acquisition of 150,000 ordinary shares in Infostrike Sdn. Bhd. (Registration No. 201001040805 (924730-P)) (“Infostrike”), representing 30% of the issued and paid-up share capital of Infostrike, for a consideration of up to RM30.0 million, subject to the due diligence exercise to be undertaken by the Company (“Proposed Acquisition”). Infostrike was incorporated in Malaysia as a private limited company, a leading mobile technology solution provider, pioneering mobile gaming platform and Enterprise Digitalization Solutions. Infostrike’s capabilities ranging from proprietary technology platforms and ready infrastructure such as Digital Asset Management System (DAMS), Infostrike Asset Management System (IAMS) and Infostrike Game Publishing Platform (IGPP) provide businesses with scalable, secure, and highly adaptable mobile solutions to their clients’ needs. Please refer to announcement dated 5 January 2021 for further details.

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

i. Private placement

The utilisation of the proceeds of RM19,805,246 from the private placement of 349,916,000 new ordinary shares of RM0.0566 each as of the date of this report is as follows: -

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Investment in the business of smart vending machines	13,460	8,691	4,769	Within 24 months
Working capital	5,945	5,945	-	Within 24 months
Estimated expenses in relation to the corporate exercises	400	400	-	Immediate
Total	19,805	15,036	4,769	

ii. Renounceable Rights Issue with Warrants C

The utilisation of the proceeds of RM114,765,292 from the renounceable rights issue of 956,377,178 new ordinary shares of RM0.12 each as of the date of this report is as follows: -

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	60,000	7,370	52,630	Within 24 months
Expansion of the smart vending machines business	15,000	-	15,000	Within 24 months
Marketing expenses	20,000	1,000	19,000	Within 24 months
Working capital	8,865	8,865	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	10,000	-	10,000	Within 24 months
Estimated expenses in relation to the corporate exercises	900	900	-	Immediate
Total	114,765	18,135	96,630	

iii. Private placement

The utilisation of the proceeds of RM10,299,230 from the private placement of 270,321,000 new ordinary shares of RM0.0381 each as of the date of this report is as follows: -

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Upgrading of the Kimpton Da An Hotel	10,194	-	10,194	Within 24 months
Estimated expenses in relation to the corporate exercises	105	105	-	Immediate
Total	10,299	105	10,194	

B8. Borrowings and debt securities

Total group borrowings and debt securities as at 30 September 2021 and 31 December 2020 were as follows:

	UNAUDITED	AUDITED
	AS AT	AS AT
	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Short Term Borrowing (Secured)</u>		
Finance lease liability	19	75
<u>Long Term Borrowings (Secured)</u>		
Finance lease liability	231	231
Total	250	306

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 (2020: 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.

	UNAUDITED				
	AS AT 30 SEPTEMBER 2021				
	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	42	71	50	503	666
Denominated in Currency	201	-	-	105	306
Total	243	71	50	608	972

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. Loss per share

i. Basic loss per ordinary shares

Basic earnings per share amounts were calculated by dividing loss for the period attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the period.

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED 30-Sep-21	UNAUDITED 30-Sep-20	UNAUDITED 30-Sep-21	UNAUDITED 30-Sep-20
Net loss attributable to				
Owners of the Company (RM'000)	(8,184)	(2,451)	(24,764)	(4,307)
Weighted average number of ordinary shares in issue ('000)	<u>1,238,986</u>	<u>1,024,081</u>	<u>1,238,986</u>	<u>1,024,081</u>
Basic loss per share (sen)	<u>(0.66)</u>	<u>(0.24)</u>	<u>(2.00)</u>	<u>(0.42)</u>

ii. 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 2021.

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED 30-Sep-21	UNAUDITED 30-Sep-20	UNAUDITED 30-Sep-21	UNAUDITED 30-Sep-20
Net loss attributable to				
Owners of the Company (RM'000)	(8,184)	(2,451)	(24,764)	(4,307)
Weighted average number of ordinary shares in issue ('000)	<u>1,238,986</u>	<u>1,024,081</u>	<u>1,238,986</u>	<u>1,024,081</u>
Effect of dilution after conversion of all outstanding Warrants ('000)	<u>-</u>	<u>339,700</u>	<u>-</u>	<u>339,700</u>
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted loss per	<u>1,238,986</u>	<u>1,363,781</u>	<u>1,238,986</u>	<u>1,363,781</u>
Diluted basic loss per share (sen)	<u>(0.66)</u>	<u>(0.180)</u>	<u>(2.00)</u>	<u>(0.32)</u>

B13. Comprehensive Income Disclosure

	3 MONTHS ENDED		12 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Interest income	(429)	-	(1,119)	-
Interest expense	119	-	405	-
Depreciation and amortisation	4,617	187	5,481	501
Unrealised loss/(gain) on other investments	130	(4,601)	7,560	(6,135)
Realised gain on other investments	-	143	(825)	143
Impairment loss on trade receivable	3,549	-	3,549	-

By Order of the Board
Tea Sor Hua (MACS 01324)
Company Secretary