

## Quarterly rpt on consolidated results for the financial period ended 31 Dec 2019

### DIVERSIFIED GATEWAY SOLUTIONS BERHAD

Financial Year End 30 Jun 2020

Quarter 2 Qtr

Quarterly report for the financial period ended 31 Dec 2019

The figures have not been audited

#### Attachments

DGSB Q2 FY2020 Quarterly Report.pdf  
365.5 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

#### SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	27,916	21,631	49,110	0
2 Profit/(loss) before tax	1,195	-5	822	0
3 Profit/(loss) for the period	784	70	252	0
4 Profit/(loss) attributable to ordinary equity holders of the parent	803	71	350	0
5 Basic earnings/(loss) per share (Subunit)	0.11	0.00	0.05	0.00
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	7.4800		7.4000	

#### Remarks :

In view of the change in financial year end of the Company from 31 March 2019 to 30 June 2019, there were no comparative financial information for the cumulative year-to-date 6 months financial period ended 31 December 2019.

#### Definition of Subunit:

*In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.  
Example for the subunit as follows:*

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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#### Announcement Info

<b>Company Name</b>	DIVERSIFIED GATEWAY SOLUTIONS BERHAD
<b>Stock Name</b>	DGSB
<b>Date Announced</b>	18 Feb 2020
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-18022020-00004

DIVERSIFIED GATEWAY SOLUTIONS BERHAD ("DGSB") (675362-P)  
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019



	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	3 MONTHS	3 MONTHS	CURRENT YTD	PRECEDING
	31-Dec-19	31-Dec-18	ENDED	CORRESPONDING
	RM'000	RM'000	6 MONTHS	YTD ENDED
			31-Dec-19	6 MONTHS
			RM'000	31-Dec-18
				RM'000
Revenue	27,916	21,631	49,110	-
Cost of sales	(10,625)	(10,058)	(17,600)	-
Gross profit	17,291	11,573	31,510	-
Other operating income	800	1,193	1,193	-
Other operating expenses	(16,727)	(12,667)	(31,566)	-
Finance costs	(169)	(104)	(315)	-
<b>Profit/(Loss) before tax</b>	<b>1,195</b>	<b>(5)</b>	<b>822</b>	<b>-</b>
Tax expense	(411)	75	(570)	-
<b>Profit for the financial quarter / period</b>	<b>784</b>	<b>70</b>	<b>252</b>	<b>-</b>
<b>Other comprehensive (loss) / income, net of tax</b>				
- Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations, net of tax	(197)	(199)	313	-
<b>Other comprehensive (loss) / income for the financial quarter / period, net of tax</b>	<b>(197)</b>	<b>(199)</b>	<b>313</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the financial quarter / period</b>	<b>587</b>	<b>(129)</b>	<b>565</b>	<b>-</b>
<b>Profit attributable to:-</b>				
Owners of the parent	803	71	350	-
Non-controlling interest	(19)	(1)	(98)	-
<b>Profit for the financial quarter / period</b>	<b>784</b>	<b>70</b>	<b>252</b>	<b>-</b>
<b>Total comprehensive (loss) / income attributable to:-</b>				
Owners of the parent	606	(128)	663	-
Non-controlling interest	(19)	(1)	(98)	-
<b>Total comprehensive income / (loss) for the financial quarter / period</b>	<b>587</b>	<b>(129)</b>	<b>565</b>	<b>-</b>
EPS attributable to Owners of the parent (sen)				
- Basic and diluted	0.11	0.00	0.05	-

(In view of the change in financial year-end from 31/3/2019 to 30/6/2019, there were no comparative financial information for the cumulative year-to-date 6 months financial period ended to 31 Dec 2019.)

(The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial period ended 30 June 2019.)

**DIVERSIFIED GATEWAY SOLUTIONS BERHAD ("DGSB") (675362-P)**  
**Incorporated in Malaysia**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**



	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>31-Dec-19</b>	<b>30-Jun-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	2,703	2,824
Investment in an associate	245	-
Goodwill	6,467	6,467
Deferred tax assets	5,340	5,317
Trade receivables	3,210	5,915
	<u>17,965</u>	<u>20,523</u>
<b>Current Assets</b>		
Inventories	2,208	2,491
Trade receivables	28,528	18,426
Other receivables, deposits and prepayments	19,945	20,257
Current tax assets	7,396	7,614
Cash and bank balances	26,296	32,868
	<u>84,373</u>	<u>81,656</u>
<b>TOTAL ASSETS</b>	<u>102,338</u>	<u>102,179</u>
<b>Equity attributable to owners of the parent</b>		
Share capital	60,054	60,054
Reverse acquisition reserve	(131,013)	(131,013)
Exchange translation reserve	(121)	(533)
Retained earnings	126,834	126,680
	<u>55,754</u>	<u>55,188</u>
Non-controlling interest	619	521
<b>TOTAL EQUITY</b>	<u>56,373</u>	<u>55,709</u>
<b>Non-Current Liabilities</b>		
Borrowings	1	7
Provision for post-employment benefits	5,844	5,253
	<u>5,845</u>	<u>5,260</u>
<b>Current Liabilities</b>		
Trade payables	6,943	10,454
Other payables, deposits and accruals	23,857	24,189
Borrowings	9,320	6,567
	<u>40,120</u>	<u>41,210</u>
<b>TOTAL LIABILITIES</b>	<u>45,965</u>	<u>46,470</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>102,338</u>	<u>102,179</u>
<b>Net assets per share (sen)</b>	<u>7.48</u>	<u>7.40</u>

\* Net assets per share attributable to owners of the Company is computed based Total Shareholders' Funds (excluding Non-controlling interests) divided by the total number of ordinary shares in issue.

*(The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial period ended 30 June 2019.)*



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Attributable to owners of the Parent		Total equity RM'000				
	Non-distributable	Distributable					
	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>Unaudited</b>							
<b>Six Months Financial Period Ended 31 December 2019</b>							
Balance as at 1 July 2019	60,054	(131,013)	(533)	126,680	55,188	521	55,709
Profit for the financial period	-	-	-	154	154	98	252
Foreign currency translation differences for foreign operations, net of tax	-	-	313	-	313	-	313
Deconsol of a subsidiary	-	-	99	-	99	-	99
Total comprehensive (loss)/income for the financial period	-	-	412	154	566	98	664
Balance as at 31 December 2019	60,054	(131,013)	(121)	126,834	55,754	619	56,373

	Attributable to owners of the Parent		Total equity RM'000				
	Non-distributable	Distributable					
	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>Audited</b>							
<b>Fifteen Months Financial Period Ended 30 June 2019</b>							
Balance as at 1 April 2018	150,834	(131,013)	(498)	23,029	42,352	87	42,439
Profit for the financial period	-	-	-	3,651	3,651	(3)	3,648
Private Placement	9,220	-	-	-	9,220	-	9,220
Capital Reduction	(100,000)	-	-	100,000	-	-	-
Foreign currency translation differences for foreign operations, net of tax	-	-	688	-	688	-	688
Deconsolidated of a subsidiary	-	-	(723)	(723)	(723)	-	(723)
Acquisition of a subsidiary	-	-	-	-	-	437	437
Total comprehensive (loss) / income for the financial period	(90,780)	-	(35)	103,651	12,836	434	13,270
Balance as at 30 June 2019	60,054	(131,013)	(533)	126,680	55,188	521	55,709

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial period ended 30 June 2019.)

DIVERSIFIED GATEWAY SOLUTIONS BERHAD ("DGSB") (675362-P)  
 Incorporated in Malaysia



**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Dec-19 RM'000	UNAUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-18 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	822	-
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	757	-
Gain on disposal of property, plant & equipment	(1)	-
Fair value adjustments on non-current trade receivables	(439)	-
Impairment losses on trade receivables	1,189	-
Impairment losses no longer required	(8)	-
Interest income	(208)	-
Interest expense	315	-
Inventories written off	35	-
Net movement for post-employment benefits	480	-
Net unrealised gain on foreign exchange	(71)	-
	<hr/>	<hr/>
Operating profit before working capital changes	2,871	-
Net changes in assets	(7,128)	-
Net changes in liabilities	(4,314)	-
	<hr/>	<hr/>
Cash used in operations	(8,571)	-
Tax paid	(138)	-
Tax refund	584	-
	<hr/>	<hr/>
Net cash used in operating activities	(8,125)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(618)	-
Investment in an associate	(245)	-
Placement of deposits with licensed banks	(910)	-
Placement of deposits with licensed banks with maturity more than three months	(4)	-
Proceed from disposal of property, plant and equipment	(1)	-
Interest received	208	-
	<hr/>	<hr/>
Net cash used in investing activities	(1,570)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(5)	-
Interest paid	(315)	-
	<hr/>	<hr/>
Net cash used in financing activities	(320)	-
Net change in cash and cash equivalents	(10,015)	-
Cash and cash equivalents at beginning of financial period	14,374	-
Effect of foreign exchange on opening balance	(213)	-
	<hr/>	<hr/>
Cash and cash equivalents at end of financial period	4,146	-

*(In view of the change in financial year-end from 31/3/2019 to 30/6/2019, there were no comparative financial information for the cumulative year-to-date 6 months financial period ended to 31 Dec 2019.)*

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial period ended 30 June 2019.)*



**PART A:**  
**Notes to the Consolidated Interim Financial Information**

**1 Basis of preparation**

The consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The consolidated interim financial information should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019. The explanatory notes attached to this consolidated interim financial information 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 financial period ended 30 June 2019.

**2 Significant Accounting Policies**

The accounting policies and methods of computation and presentation adopted by the Group in this interim consolidated financial statements are consistent with those adopted in the audited financial statements for the financial period ended 30 June 2019 except for the adoption of new MFRS 16 Lease which is effective as of 1 July 2019. The Group did not early adopt any new standards, interpretation or amendments that has been issued but is not effective.

MFRS 16 replaces MFRS 117 Leases and its related interpretations. MFRS 16 takes effect for annual periods beginning on or after 1 January 2019 and shall be applied retrospectively or on a modified retrospective approach.

Under the transitional provisions of MFRS 16, the cumulative effects of adopting MFRS 16 shall be recognised as an adjustment to the opening accumulated losses on 1 July 2019. Based on assessment, the Group estimates that the lease liabilities of RM714,000 for the Group with a corresponding right-of-use assets of RM714,000 for the Group would be recognised on 1 July 2019 with no effects on their retained earnings on that date.

**3 Qualification of independent auditors' report on preceding annual audited financial statements**

The auditors' report on the financial statements for the financial period ended 30 June 2019 was an unqualified opinion.

**4 Seasonal and cyclical factors**

The business of the Group was not affected by any seasonal and cyclical factors.

**5 Unusual items due to their nature, size or incidence**

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

**6 Material changes in estimates**

There were no material changes in estimates during the quarter under review.

**7 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

**8 Dividends paid**

There was no dividends paid during the quarter under review.



**PART A:**  
**Notes to the Consolidated Interim Financial Information**

**9 Segmental information**

The Group's reportable segments were identified as follows: -

- Business Performance Services - Provision of business performance improvement related services.
- Trading & Distribution Services - Distribution and reselling of hardware and software and related services.
- Digital, Infrastructure & Integration Services - Provision of a comprehensive range of tele/data communication, networking solutions, industrial automation and related services.
- Food Manufacturing - Food processing and contract manufacturing

The Others segment comprises operations related to investment holding activities and subsidiaries that have ceased operations and remained inactive.

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital, Infrastructure & Integration Services RM'000	Food Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
<b>Six Months Financial Period Ended 31 December 2019</b>							
External sales	40,845	-	5,705	2,560	-	-	49,110
Inter segment sales	-	2	-	-	240	(242)	-
Total sales	<u>40,845</u>	<u>2</u>	<u>5,705</u>	<u>2,560</u>	<u>240</u>	<u>(242)</u>	<u>49,110</u>
Segment results	2,064	(6)	(960)	437	(606)	-	929
Finance costs	-	-	(315)	-	-	-	(315)
Interest Income	36	-	111	-	61	-	208
Profit / (loss) before tax	2,100	(6)	(1,164)	437	(545)	-	822
Taxation	-	-	-	-	-	-	(570)
Profit for the period	-	-	-	-	-	-	<u>252</u>
Segment assets	<u>47,936</u>	<u>281</u>	<u>42,579</u>	<u>2,440</u>	<u>49,671</u>	<u>(40,569)</u>	<u>102,338</u>

**10 Related Party Disclosures**

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 31-Dec-19 RM'000	3 MONTHS ENDED 31-Dec-18 RM'000	6 MONTHS ENDED 31-Dec-19 RM'000	6 MONTHS ENDED 31-Dec-18 RM'000
Sale of goods and services to related companies	513	-	1,166	-
Purchase of goods and services from related companies	134	-	134	-
Corporate secretarial services fees paid/ payable to a related company	51	29	60	-
Consultancy services fees paid/ payable to a related company	161	-	161	-
Shared office, network, data center and other services	(11)	-	(20)	-

**11 Carrying amount of revalued assets**

There were no changes to the valuation of property, plant and equipment during the quarter under review.

**12 Subsequent events**

Upon completion of the Proposed Disposal as stated in Note 8, Part B, the Group is deemed to be an Affected Listed Issuer under the Ace Market Listing Requirement of Bursa Malaysia Securities Berhad and the Company is in the midst of formulating a regularisation plan to be submitted for regulator's approval.

Other than the above, there were no other material events subsequent to the end of the period reported that have not been reflected in the financial statements.





**PART A:**  
**Notes to the Consolidated Interim Financial Information**

**13 Changes in the composition of the Group**

There were no other changes in the composition of the Group for the current quarter under review except the following :

On 27 December 2019, The Company had subscribed shares in Hyperaccess Sdn. Bhd. ("HSB"), a private limited company incorporated in Malaysia for a total consideration of RM501 and HSB subsequently become a 50.1% subsidiary of the Company.

On 3 September 2019, Rangkaian Ringkas Sdn Bhd ("RRSB"), a wholly-owned subsidiary of the DGSB had subscribed shares in Serata Suria Sdn. Bhd. ("SSSB"), a private limited company incorporated in Malaysia for a total consideration of RM245,000 and SSSB subsequently become an associate company of RRSB.

**14 Changes in contingent liabilities or contingent assets**

Bank guarantee granted for the quarter under review are as follows:-

	RM'000
Bank guarantees given by financial institutions in respect of projects of the Group	<u>2,493</u>

**15 Capital commitments**

The amount of capital commitments as at 31 December 2019 is as follows:

	AS AT 31-Dec-19 RM'000
Contracted and not provided for: - Property, plant and equipments	<u>267</u>

**16 Deposit, cash and bank balances**

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

	AS AT 31-Dec-19 RM'000
Cash and bank balances	7,918
Fixed deposits with licensed financial institutions	<u>18,378</u>
	26,296
Less: Fixed deposits pledged with licensed banks	(12,841)
Less: Bank overdraft	<u>(9,309)</u>
	<u>4,146</u>



**PART B:**  
**EXPLANTORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

**1 Detailed analysis of performance**

The detailed breakdown of revenue by operating segments of the Group are as follows: -

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 MONTHS ENDED	3 MONTHS ENDED	Variance %	6 MONTHS ENDED	6 MONTHS ENDED	Variance %
	31-Dec-19 RM'000	31-Dec-18 RM'000		31-Dec-19 RM'000	31-Dec-18 RM'000	
Business Performance Services	23,880	18,858	26.6	40,845	-	-
Trading & Distribution Services	2	-		2	-	-
Digital, Infrastructure & Integration Services	3,043	2,773	9.7	5,705	-	-
Food Manufacturing	993	-		2,560	-	-
Others	120	120		240	-	-
	<u>28,038</u>	<u>21,751</u>	28.9	<u>49,352</u>	<u>-</u>	<u>-</u>
Less : Inter Segment Revenue	(122)	(120)		(242)	-	-
Total Group Revenue	<u>27,916</u>	<u>21,631</u>	29.1	<u>49,110</u>	<u>-</u>	<u>-</u>

The Group recorded the higher revenue of RM 27.92 million for the quarter ended 31 December 2019, an increase by RM 6.28 million (29.1%) against revenue achieved in the previous corresponding quarter. The higher revenue for the current quarter under review was attributable from the improved business performance from Business Performance Services for the quarter under review.

The detailed breakdown of profit/(loss) before tax by business segments of the Group are as follows: -

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 MONTHS ENDED	3 MONTHS ENDED	Variance %	6 MONTHS ENDED	6 MONTHS ENDED	Variance %
	31-Dec-19 RM'000	31-Dec-18 RM'000		31-Dec-19 RM'000	31-Dec-18 RM'000	
Business Performance Services	1,844	728	>+100.0	2,100	-	-
Trading & Distribution Services	(2)	(3)	33.3	(6)	-	-
Digital, Infrastructure & Integration Services	(476)	(452)	(5.3)	(1,164)	-	-
Food Manufacturing	91	-		437	-	-
Others	(262)	(278)	5.8	(545)	-	-
Profit/(Loss) before tax	<u>1,195</u>	<u>(5)</u>	>+100.0	<u>822</u>	<u>-</u>	<u>-</u>

In the financial quarter under review, the Group recorded profit before tax of RM1.19 million, compared to loss before tax of RM0.005 million in the corresponding financial period of the preceding financial period. The higher profit before tax for the current quarter are mainly due to higher revenue generated from Business Performance Services for the current quarter under review.



**PART B:**  
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

**2 Variation of results against preceding quarter**

	3 months ended 31-Dec-19 RM'000	3 months ended 30-Sep-19 RM'000	Variance  %
Revenue	<u>27,916</u>	<u>21,194</u>	31.7
Profit / (Loss) before tax	<u>1,195</u>	<u>(372)</u>	>+100.0

The Group's revenue for the current quarter under review was RM6.7 mil higher compared to the immediate preceding quarter due to higher billing generated from Business Performance Services.

**3 Prospects**

The Group's three major operating subsidiaries in FY2020 are Diversified Gateway Berhad ("DGB"), which operates mainly in the telecommunication infrastructure sector in Malaysia, ISS Consulting (Thailand) Ltd ("ISST"), which offers SAP consulting services in Thailand and QBI Packaging Sdn Bhd ("QBI") in food manufacturing in Malaysia.

Following the completion of the disposal of ISST on 6 January 2020, the Group will continue to operate under the following two (2) key business segment; Digital, Infrastructure & Integration Services and Food Manufacturing business segment.

For FY2020, DGB's operating environment are expected to continue to improve with the developments in 5G network activities, as well adding new products and skillsets to its range of technology integration and maintenance services. In the technology integration business, the Group has added new business products in media screens and media-linked vending machines which are being gradually rolled out also in FY2020. The media screen and vending machine business is being undertaken by the Group's subsidiary ISS Consulting (M) Sdn Bhd ("ISSM").

The Board remains cautiously optimistic of the Group's prospects for the coming financial year while continuing to explore new business opportunities for the Group.

**4 Profit forecast**

Not applicable.

**5 Tax expense**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 31-Dec-19 RM'000	3 MONTHS ENDED 31-Dec-18 RM'000	6 MONTHS ENDED 31-Dec-19 RM'000	6 MONTHS ENDED 31-Dec-18 RM'000
Current tax expense				
- Malaysian taxation	44	12	151	-
- Foreign taxation	367	156	419	-
Under provision in prior year				
- Malaysian taxation	-	2	-	-
- Foreign taxation	-	-	-	-
Deferred tax	-	(245)	-	-
	<u>411</u>	<u>(75)</u>	<u>570</u>	<u>-</u>

The Group's effective tax rate for the current financial period is disproportionate to the statutory tax rate due to unabsorbed capital allowances and unutilised tax losses carried forward of a subsidiary.

**6 Unquoted investments and properties**

There were no purchase or disposal of unquoted investments and properties during the financial quarter under review.

**7 Quoted securities**

There were no acquisitions or disposals of quoted securities during the financial quarter under review.



**PART B:**  
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

**8 Status of corporate proposals**

On 4 July 2019, the Company have entered into a share sale agreement with itelligence AG for the proposed disposal of 24,500 ordinary shares of THB100 each in ISS Consulting (Thailand) Ltd ("ISST") for total cash of consideration of THB236,429,000 (Proposed Disposal).

The completion of the Proposed Disposal are conditional upon the followings :-

- i. Fulfillment of all conditions precedent to share sale agreement for the Proposed Disposal
- ii. All relevant approvals, consents or waivers from any other third party, if required
- iii. Approval of shareholders of the Company at the extraordinary general meeting to be held

On 30 October 2019, the Company and itelligence AG have mutually agreed to an extension of time for the expiry date from 4 months to 6 months from the date of the SSA for the Company to fulfill the conditions precedent of the SSA signed on 4 July 2019.

On 20 November 2019, the Company and itelligence AG have mutually agreed to further extension of time for the expiry date from 6 months to 7 months from the date of the SSA for the Company to fulfill the conditions precedent of the SSA signed on 4 July 2019.

The Proposed Disposal was approved by the shareholders of the Company at the Extraordinary General Meeting held on 18 December 2019.

On 6 January 2020, upon fulfilment of all the conditions precedent under the conditional SSA, the Group announced that the Proposed Disposal has been completed.

**9 Status of utilisation of proceeds from private placement**

During the financial period ended ("FPE") 30 June 2019, 135,587,700 new ordinary shares were issued at RM0.068 per share pursuant to the private placement, raising RM9.22 million for the Company.

On 18 February 2020, the Company has announced the variation on the utilisation of the remaining unutilised placement proceeds of RM4.81 million as follows :-

	Proposed Utilisation	Actual Utilisation	Balance unutilised	Revised Utilisation	Timeframe for revised utilisation
Purpose	RM'000	RM'000	RM'000	RM'000	
For the operations of:					
- ISS Consulting (Thailand) Ltd	4,810	-	4,810	(4,810)	
- Diversified Gateway Berhad	1,750	1,750	-	-	
- ISS Consulting (Malaysia) Sdn Bhd	-	-	-	2,310	Within 12 months from announcement date
Repayment of short-term borrowings	2,500	2,500	-	2,500	Within 9 months from announcement date
Expenses for the Private Placement	160	160	-	-	
	<b>9,220</b>	<b>4,410</b>	<b>4,810</b>	<b>-</b>	

Note :

(1) To utilise RM2.31 million for additional working capital and also to purchase additional 150 units of media linked vending machines to expand the digital media business of ISSM.

(2) To utilise RM2.5 million to repay short term bank borrowings of DGSB Group.

**10 Borrowings and debts securities**

The Group's bank borrowings as at 30 September 2019 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in Ringgit Malaysia	9,320
Long term bank borrowings - secured	
- Denominated in Ringgit Malaysia	1
	<u>9,321</u>

The Group has not issued any debt securities as at the reporting date.



**PART B:**  
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

**11 Changes in material litigation**

There was no material litigation against the Group as at reporting date.

**12 Dividends**

No dividends have been recommended during the quarter ended 31 December 2019.

**13 Earning per ordinary share**

**(a) Basic earning per ordinary share**

Basic earning per ordinary share for the financial period under review is calculated based on the Group's profit after tax and non-controlling interests divided by the weighted average ("WA") number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE PERIOD UNAUDITED	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Profit after tax attributable to the Owners of the parent	803	71	350	-
WA number of ordinary shares in issue ('000)	745,731	1,426,618	745,731	-
Basic profit per ordinary share (sen)	0.11	0.00	0.05	-

**(b) Fully diluted earnings per ordinary share**

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

**14 Profit before tax**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 6 MONTHS ENDED	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Profit before tax is arrived at after charging: -				
Depreciation of property, plant and equipment	265	363	757	-
Impairment loss on trade receivables	1,189	438	1,189	-
Inventories written off	35	445	35	-
Interest expenses	169	91	315	-
Property, plant & equipment written off	-	60	-	-
Net movement for post-employment benefits	480	265	480	-
Realised loss on foreign currency transactions	-	(1)	-	-
Unrealised loss on foreign currency transactions	-	62	-	-
And crediting: -				
Fair value gain on long term trade receivables	219	261	439	-
Reversal of impairment losses on trade receivables	-	491	8	-
Gain on disposal of property, plant & equipment	1	-	1	-
Interest income	122	78	208	-
Realised gain on foreign currency transactions	(1)	36	-	-
Unrealised gain on foreign currency transactions	-	110	71	-