

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2020

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

Financial Year End 30 Jun 2020

Quarter 3 Qtr

Quarterly report for the financial period ended 31 Mar 2020

The figures have not been audited

Attachments

DGSB Q3 FY2020 Quarterly Report.pdf
368.5 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	3,251	2,444	11,516	0
2 Profit/(loss) before tax	1,616	-406	338	0
3 Profit/(loss) for the period	1,641	610	1,893	0
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,637	612	1,968	0
5 Basic earnings/(loss) per share (Subunit)	0.22	0.08	0.27	0.00
6 Proposed/Declared dividend per share (Subunit)	0.40	0.00	0.40	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 (\$\$)		7.2800		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 9 months financial period ended 31 March 2020.

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

Announcement Info

Company Name	DIVERSIFIED GATEWAY SOLUTIONS BERHAD
Stock Name	DGSB
Date Announced	20 May 2020
Category	Financial Results
Reference Number	FRA-19052020-00032

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	3 MONTHS	3 MONTHS	CURRENT YTD	PRECEDING
	31-Mar-20	31-Mar-19	ENDED	CORRESPONDING
	RM'000	RM'000	9 MONTHS	YTD ENDED
			31-Mar-20	9 MONTHS
			RM'000	31-Mar-19
				RM'000
Continuing operations				
Revenue	3,251	2,444	11,516	-
Cost of sales	(1,592)	(869)	(5,803)	-
Gross profit	1,659	1,575	5,713	-
Other operating income	7,659	401	8,306	-
Other operating expenses	(7,591)	(2,254)	(13,255)	-
Finance costs	(75)	(128)	(390)	-
Share of loss of associate company	(36)	-	(36)	-
Profit/(Loss) before tax	1,616	(406)	338	-
Tax expense	25	37	(126)	-
Profit/(Loss) after tax from continuing operations	1,641	(369)	212	-
Discontinued operation				
Profit from discontinued operation, net of tax	-	979	1,681	-
Profit for the financial quarter / period	1,641	610	1,893	-
Other comprehensive (loss) / income, net of tax				
- Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations, net of tax	(54)	173	259	-
Other comprehensive (loss) / income for the financial quarter / period, net of tax	(54)	173	259	-
Total comprehensive income for the financial quarter / period	1,587	783	2,152	-
Profit attributable to:-				
Owners of the parent - continuing operations	1,637	(367)	287	-
- discontinued operation	-	979	1,681	-
Non-controlling interest	4	(2)	(75)	-
Profit for the financial quarter / period	1,641	610	1,893	-
Total comprehensive income / (loss) attributable to:-				
Owners of the parent - continuing operations	1,583	(195)	546	-
- discontinued operation	-	979	1,681	-
Non-controlling interest	4	(1)	(75)	-
Total comprehensive income for the financial quarter / period	1,587	783	2,152	-
EPS attributable to Owners of the parent (sen)				
- Basic and diluted				
Continuing operations	0.22	(0.05)	0.04	-
Discontinued operation	-	0.13	0.23	-
	0.22	0.08	0.27	-

(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 9 months financial period ended to 31 Mar 2020.)

(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 FINANCIAL POSITION
 AS AT 31 MARCH 2020



	UNAUDITED AS AT 31-Mar-20 RM'000	AUDITED AS AT 30-Jun-19 RM'000
Non-Current Assets		
Property, plant and equipment	1,351	2,824
Investment in an associate	209	-
Goodwill	729	6,467
Deferred tax assets	3,846	5,317
Trade receivables	3,430	5,915
	<u>9,565</u>	<u>20,523</u>
Current Assets		
Inventories	2,557	2,491
Trade receivables	14,008	18,426
Other receivables, deposits and prepayments	4,896	20,257
Current tax assets	1,875	7,614
Cash and bank balances	34,885	32,868
	<u>58,221</u>	<u>81,656</u>
TOTAL ASSETS	<u>67,786</u>	<u>102,179</u>
Equity attributable to owners of the parent		
Share capital	60,054	60,054
Reverse acquisition reserve	(131,013)	(131,013)
Exchange translation reserve	(3,285)	(533)
Retained earnings	128,498	126,680
	<u>54,254</u>	<u>55,188</u>
Non-controlling interest	646	521
TOTAL EQUITY	<u>54,900</u>	<u>55,709</u>
Non-Current Liabilities		
Borrowings	-	7
Provision for post-employment benefits	-	5,253
	<u>-</u>	<u>5,260</u>
Current Liabilities		
Trade payables	825	10,454
Other payables, deposits and accruals	9,934	24,166
Borrowings	2,113	6,578
Current tax payables	14	12
	<u>12,886</u>	<u>41,210</u>
TOTAL LIABILITIES	<u>12,886</u>	<u>46,470</u>
TOTAL EQUITY AND LIABILITIES	<u>67,786</u>	<u>102,179</u>
Net assets per share (sen)	<u>7.28</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 MARCH 2020**

**Unaudited
Nine Months Financial Period Ended 31 March 2020**

	←----- Attributable to owners of the Parent -----→		←----- Attributable to owners of the Parent -----→		←----- Attributable to owners of the Parent -----→		
	Share capital RM'000	Non-distributable 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
Balance as at 1 July 2019	60,054	(131,013)	(533)	126,680	55,188	521	55,709
Profit for the financial period	-	-	-	1,818	1,818	75	1,893
Foreign currency translation differences for foreign operations, net of tax	-	-	259	-	259	-	259
Disposal of a subsidiary	-	-	(3,110)	-	(3,110)	-	(3,110)
Deconsolidated of a subsidiary	-	-	99	-	99	-	99
Acquisition of a subsidiary	-	-	-	-	-	50	50
Total comprehensive (loss) / income for the financial period	-	-	(2,752)	1,818	(934)	125	(809)
Balance as at 31 March 2020	60,054	(131,013)	(3,285)	128,498	54,254	646	54,900

**Audited
Fifteen Months Financial Period Ended 30 June 2019**

	←----- Attributable to owners of the Parent -----→		←----- Attributable to owners of the Parent -----→		←----- Attributable to owners of the Parent -----→		
	Share capital RM'000	Non-distributable 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
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)
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.)



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Mar-20 RM'000	UNAUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Mar-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- continuing operations	338	-
- discontinued operation	2,100	-
	2,438	-
Adjustment for non-cash items:		
Bad debts written off	24	-
Depreciation of property, plant and equipment	901	-
Gain on disposal of property, plant & equipment	(1)	-
Gain on disposal of a subsidiary	(7,122)	-
Fair value adjustments on non-current trade receivables	(659)	-
Impairment losses on trade receivables	1,189	-
Impairment losses no longer required	(8)	-
Interest income	(319)	-
Interest expense	390	-
Inventories written off	46	-
Loss on deconsolidate of a subsidiary	99	-
Net movement for post-employment benefits	480	-
Net unrealised gain on foreign exchange	(50)	-
	(2,592)	-
Operating loss before working capital changes	(2,592)	-
Net changes in assets	(4,154)	-
Net changes in liabilities	(7,777)	-
	(14,523)	-
Cash used in operations	(14,523)	-
Tax paid	(288)	-
Tax refund	584	-
	(14,227)	-
Net cash used in operating activities	(14,227)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(869)	-
Investment in an associate	(208)	-
Net withdrawal of deposits with licensed banks	5,212	-
Placement of deposits with licensed banks with maturity more than three months	(4)	-
Proceed from disposal of property, plant and equipment	1	-
Proceed from disposal of a subsidiary, net of cash disposal	22,167	-
Acquisition of subsidiary, net of cash acquired	50	-
Interest received	319	-
	26,668	-
Net cash from investing activities	26,668	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(8)	-
Interest paid	(390)	-
	(398)	-
Net cash used in financing activities	(398)	-
Net change in cash and cash equivalents	12,043	-
Cash and cash equivalents at beginning of financial period	14,374	-
Effect of foreign exchange on opening balance	(354)	-
	26,063	-
Cash and cash equivalents at end of financial period	26,063	-

(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 9 months financial period ended to 31 Mar 2020.)

(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	Discontinued operation	-----> Continuing operations <-----					Eliminations RM'000	Consolidation RM'000
	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital, Infrastructure & Integration Services RM'000	Food Manufacturing RM'000	Others RM'000			
<u>Nine Months Financial Period Ended 31 March 2020</u>								
External sales	40,845	3	7,845	3,668	-	-	52,361	
Inter segment sales	-	-	-	-	450	(450)	-	
Total sales	<u>40,845</u>	<u>3</u>	<u>7,845</u>	<u>3,668</u>	<u>450</u>	<u>(450)</u>	<u>52,361</u>	
Segment results	2,064	(7)	(1,347)	316	1,483	-	2,509	
Finance costs	-	-	(390)	-	-	-	(390)	
Interest Income	36	-	162	21	100	-	319	
Profit / (loss) before tax	<u>2,100</u>	<u>(7)</u>	<u>(1,575)</u>	<u>337</u>	<u>1,583</u>	<u>-</u>	<u>2,438</u>	
Taxation	(419)	-	-	(83)	(43)	-	(545)	
Profit for the period	<u>1,681</u>	<u>(7)</u>	<u>(1,575)</u>	<u>254</u>	<u>1,540</u>	<u>-</u>	<u>1,893</u>	
Segment assets	<u>44,543</u>	<u>279</u>	<u>39,167</u>	<u>2,539</u>	<u>74,998</u>	<u>(93,740)</u>	<u>67,786</u>	

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 31-Mar-20 RM'000	3 MONTHS ENDED 31-Mar-19 RM'000	9 MONTHS ENDED 31-Mar-20 RM'000	9 MONTHS ENDED 31-Mar-19 RM'000
Sale of goods and services to related companies	72	-	1,238	-
Purchase of goods and services from related companies	-	-	134	-
Corporate secretarial services fees paid/ payable to a related company	12	30	72	-
Consultancy services fees paid/ payable to a related company	139	-	300	-
Shared office, network, data center and other services	<u>58</u>	<u>-</u>	<u>113</u>	<u>-</u>

11 Carrying amount of revalued assets

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

PART A:

Notes to the Consolidated Interim Financial Information

12 Subsequent events

There were no material events subsequent to the end of the quarter under review.

13 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

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

2,496

15 Capital commitments

The amount of capital commitments as at 31 March 2020 is as follows:

AS AT
31-Mar-20
RM'000

Contracted and not provider for:
- Property, plant and equipments

84

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-Mar-20
RM'000

Cash and bank balances

20,079

Fixed deposits with licensed financial institutions

14,806

34,885

Less: Fixed deposits pledged with licensed banks

(6,718)

Less: Bank overdraft

(2,104)

26,063

PART B:
EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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	3 MONTHS	Variance	9 MONTHS	9 MONTHS	Variance
	ENDED	ENDED		ENDED	ENDED	
	31-Mar-20	31-Mar-19	%	31-Mar-20	31-Mar-19	%
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Digital, Infrastructure & Integration Services	2,140	2,404	(11.0)	7,845	-	-
Trading & Distribution Services	1	-	>+100.0	3	-	-
Food Manufacturing	1,108	-	>+100.0	3,668	-	-
Others	210	120	75.0	450	-	-
	<u>3,459</u>	<u>2,524</u>	37.0	<u>11,966</u>	<u>-</u>	-
Less : Inter Segment Revenue	(208)	(80)		(450)	-	-
External Revenue	<u>3,251</u>	<u>2,444</u>	33.0	<u>11,516</u>	<u>-</u>	-
Revenue from discontinued operation						
Business Performance Services	-	15,958	-	40,845	-	-
Total Group Revenue	<u><u>3,251</u></u>	<u><u>18,402</u></u>	(82.3)	<u><u>52,361</u></u>	<u><u>-</u></u>	-

The Group recorded revenue of RM 3.25 million for the quarter ended 31 March 2020, an increase of RM 0.81 million (33.0%) against revenue achieved in the previous corresponding quarter. The higher revenue for the current quarter under review was attributable to the contribution from Food Manufacturing segment for the current 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	3 MONTHS	Variance	9 MONTHS	9 MONTHS	Variance
	ENDED	ENDED		ENDED	ENDED	
	31-Mar-20	31-Mar-19	%	31-Mar-20	31-Mar-19	%
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Digital, Infrastructure & Integration Services	(411)	(329)	(24.9)	(1,575)	-	-
Trading & Distribution Services	(1)	(10)	90.0	(7)	-	-
Food Manufacturing	(100)	-	>-100.0	337	-	-
Others	2,128	(67)	>+100.0	1,583	-	-
Profit / (Loss) before tax	<u>1,616</u>	<u>(406)</u>	-	<u>338</u>	<u>-</u>	-
Profit before tax from discontinued operation						
Business Performance Services	-	1,210	-	2,100	-	-
Profit before tax	<u><u>1,616</u></u>	<u><u>804</u></u>	>+100.0	<u><u>2,438</u></u>	<u><u>-</u></u>	-

In the financial quarter under review, the Group recorded profit before tax of RM1.62 million, compared to loss before tax of RM0.41 million in the corresponding financial period of the preceding financial period. The higher profit before tax for the current quarter which due to the gain on disposal of ISST 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 MARCH 2020

2 Variation of results against preceding quarter

	3 months ended 31-Mar-20 RM'000	3 months ended 31-Dec-19 RM'000	Variance %
Revenue			
Continuing operations	3,251	4,036	(19.4)
Discontinued operation	-	23,880	>-100.0
	<u>3,251</u>	<u>27,916</u>	
Profit/(Loss) before tax			
Continuing operations	1,616	(649)	>+100.0
Discontinued operation	-	1,844	>-100.0
	<u>1,616</u>	<u>1,195</u>	

The Group's revenue for the current quarter was RM0.79 mil lower compared to the immediate preceding quarter due to lower billing generated from Digital, Infrastructure & Integration Services. The profit before tax for the current quarter was RM2.27 mil higher compared to the immediate preceding quarter which due to the gain on disposal of ISST.

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 Technology business segment.

For FY2020, DGB's operating environment were expected to continue to improve with the developments in 5G network activities and media-linked VENDLAH! vending machines which were being gradually rolled out also in FY2020. Unfortunately, the plans are impacted by the change in government in late February 2020 and the implementation of the Movement Control Order (MCO) since 18 March 2020 which is still ongoing. This has led to delays in implementation of projects and rollouts across the economic spectrum. During the MCO, the infrastructure and media personnel are mainly working on planning and development activities related to tenders and projects which are expected to roll out after the MCO lifts. It is fortuitous the Group was able to dispose ISST just before the onset of Covid-19 pandemic as ISST's operations will be similarly affected by a high overhead burden while delays and postponement of SAP projects are expected.

QBI's ongoing factory operations were largely unaffected by the MCO albeit worked at a reduced scale. Apart from QBI, the progress of the sweetened creamer and other food technology projects is delayed by approximately one quarter based current estimates, due to on-going supply chain disruption in Europe.

The Group is constantly monitoring the Covid-19 situation closely and to optimize its operations to adapt to the volatile business environment in order to mitigate the short impact of covid-19 pandemic outbreak, and to re-position in the 'low touch' economy - an outcome widely expected from the pandemic.

4 Profit forecast

Not applicable.

5 Tax expense

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 31-Mar-20 RM'000	3 MONTHS ENDED 31-Mar-19 RM'000	9 MONTHS ENDED 31-Mar-20 RM'000	9 MONTHS ENDED 31-Mar-19 RM'000
Current tax expense				
- Malaysian taxation	(27)	54	124	-
- Foreign taxation	-	231	419	-
Under provision in prior year				
- Malaysian taxation	2	-	2	-
- Foreign taxation	-	-	-	-
Deferred tax	-	(91)	-	-
	<u>(25)</u>	<u>194</u>	<u>545</u>	<u>-</u>

The Group's effective tax rate for the current financial period is disproportionate to the statutory tax rate due to certain expenses being not deductible for tax purposes.

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 MARCH 2020

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.

Upon completion of the Proposed Disposal on 6 January 2020, the Group is deemed to be an Affected Listed Issuer under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company has 24 months from the triggered date to regularise its condition, and that it is currently evaluating its resources and opportunities in doing so.

9 Status of utilisation of proceeds of the disposal of ISST

The status of the utilisation of the disposal proceeds of ISST are as follow:-

	Status	Utilisation	Actual Utilisation @ 20.5.2020	Remaining Balance @ 20.5.2020	Intended timeframe for Utilisation (from the date of completion i.e. 06 January 2020)
Purpose		RM'000	RM'000	RM'000	
For the operation of -					
- QBI Packaging Sdn Bhd		10,000	-	10,000	Within 18 months
Payment of "Golden Handcuff" incentive to Wisit Wirayagorn		4,459	3,790	669	Within 24 months
Repayment of short-term borrowings		6,000	6,000	-	Within 12 months
Proposed special dividend *		3,000	-	3,000	Within 9 months
DGSB working capital *		8,122	862	7,260	Within 9 months
Estimated expenses in relation to the Proposed Disposal		450	450	-	Immediately
		32,031	11,102	20,929	

* On 30 March 2020, the Company has announced to reduce the amount of special dividend from RM6.0 million to approximately RM3.0 million to conserve DGSB's cash reserves in view of the expected business challenges arise from the on-going COVID-19 global pandemic. The RM3.0 million conserved from this variation will be utilised towards providing additional working capital of DGSB Group.

10 Status of utilisation of proceeds from private placement

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 :-

(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.

	Revised Utilisation	Actual Utilisation	Balance Unutilised	Timeframe for revised utilisation
Purpose	RM'000	RM'000	RM'000	
For the operations of:				
- ISS Consulting (Malaysia) Sdn Bhd	2,310	2,310	-	Within 12 months from announcement date
Repayment of short-term borrowings	2,500	2,500	-	Within 9 months from announcement date
	4,810	4,810	-	

PART B:
EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

11 Borrowings and debts securities

The Group's bank borrowings as at 31 March 2020 are as follows:

	RM'000
Short term bank borrowings - secured - Denominated in Ringgit Malaysia	2,113
Long term bank borrowings - secured - Denominated in Ringgit Malaysia	-
	<u>2,113</u>

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

12 Changes in material litigation

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

13 Dividends

On 30 March 2020, DGSB's is pleased to declare a special dividend of 0.4 sen per ordinary share in respect of the financial year ending 30 June 2020 in accordance with the proposed utilisation of proceeds from the disposal of 100% equity interest in ISST as set out in the Circular to shareholders dated 22 November 2019.

14 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/(loss) 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-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Profit/(Loss) after tax attributable to the Owners of the parent				
Continuing Operations	1,637	(367)	287	-
Discontinued Operation	-	979	1,681	-
	<u>1,637</u>	<u>612</u>	<u>1,968</u>	<u>-</u>
WA number of ordinary shares in issue ('000)	745,731	745,731	745,731	-
Basic profit per ordinary share (sen)				
Continuing Operations	0.22	(0.05)	0.04	-
Discontinued Operation	-	0.13	0.23	-

(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.

15 Profit/(Loss) before tax

	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE PERIOD 9 MONTHS	
	ENDED 31-Mar-20 RM'000	ENDED 31-Mar-19 RM'000	ENDED 31-Mar-20 RM'000	ENDED 31-Mar-19 RM'000
Profit/(Loss) before tax is arrived at after charging: -				
Bad debts written off	24	6	24	-
Depreciation of property, plant and equipment	144	394	901	-
Impairment loss on trade receivables	-	149	1,189	-
Inventories written off	11	19	46	-
Interest expenses	75	117	390	-
Loss on deconsolidate of a subsidiary	99	-	99	-
Net movement for post-employment benefits	-	271	480	-
Realised loss on foreign currency transactions	-	16	-	-
Unrealised loss on foreign currency transactions	-	79	-	-
	<u>-</u>	<u>79</u>	<u>-</u>	<u>-</u>
And crediting: -				
Fair value gain on long term trade receivables	220	260	659	-
Reversal of impairment losses on trade receivables	-	236	8	-
Gain on disposal of property, plant & equipment	-	-	1	-
Gain on disposal of a subsidiary	7,122	-	7,122	-
Interest income	111	145	319	-
Realised gain on foreign currency transactions	-	1	-	-
Unrealised gain on foreign currency transactions	(21)	100	50	-