



**DAGANG NEXCHANGE BERHAD (10039-P)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2016 RM'000	Preceding year corresponding quarter 31/12/2015 RM'000	Twelve months to 31/12/2016 RM'000	Twelve months to 31/12/2015 RM'000
<b>Revenue</b>	<b>67,306</b>	<b>27,914</b>	<b>178,455</b>	<b>95,550</b>
Cost of sales	(45,255)	(8,405)	(96,345)	(22,191)
Gross profit	22,051	19,509	82,110	73,359
Other income	792	1,978	3,304	4,510
Expenses	(17,768)	(14,025)	(60,558)	(52,993)
Finance cost	(99)	(276)	(890)	(1,449)
Share of result of associate, net of tax	31,323	214	123,535	-
<b>Profit before extraordinary items and income tax</b>	<b>36,299</b>	<b>7,400</b>	<b>147,501</b>	<b>23,427</b>
Extraordinary items	(595)	-	(5,448)	-
Zakat	(450)	(359)	(450)	(359)
Income tax (Note 14)	(4,244)	(2,966)	(9,377)	(7,243)
<b>Profit for the period</b>	<b>31,010</b>	<b>4,075</b>	<b>132,226</b>	<b>15,825</b>
<b>Other comprehensive income for the period, net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	292	(54)	345	(54)
Share of other comprehensive income of Associates	11,520	-	11,520	-
Other comprehensive income for the year, net of tax	11,812	(54)	11,865	(54)
<b>Total comprehensive income for the period</b>	<b>42,822</b>	<b>4,021</b>	<b>144,091</b>	<b>15,771</b>



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**I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 31/12/2016 RM'000	Preceding year corresponding quarter 31/12/2015 RM'000	Twelve months to 31/12/2016 RM'000	Twelve months to 31/12/2015 RM'000
<b>Profit attributable to:</b>				
- Owners of the Company	30,619	3,790	133,743	11,226
- Non-controlling Interests	391	285	(1,517)	4,599
<b>Profit for the period</b>	<b>31,010</b>	<b>4,075</b>	<b>132,226</b>	<b>15,825</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	42,431	3,752	145,608	11,188
- Non-controlling Interests	391	269	(1,517)	4,583
<b>Total comprehensive income for the period</b>	<b>42,822</b>	<b>4,021</b>	<b>144,091</b>	<b>15,771</b>
<b>Earnings per share</b>				
- Basic	1.77 sen	0.49 sen	11.49 sen	1.45 sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"

**REMARKS TO CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 31/12/2016 RM'000	Preceding year corresponding quarter 31/12/2015 RM'000	Twelve months to 31/12/2016 RM'000	Twelve months to 31/12/2015 RM'000
<b>Profit before income tax is arrived at after charging/(crediting):</b>				
Interest income	(108)	(336)	(233)	(1,644)
Loss on disposal of property, plant and equipment	-	-	4	2
Interest expense	99	276	890	1,449
Depreciation and amortization	3,932	2,148	9,754	9,840
Impairment loss of receivables	1,354	200	3,620	578
Voluntary separation scheme and other related compensation cost	-	-	220	5,696
Reversal of impairment loss of receivables	20	(24)	(50)	(65)
Foreign exchange gain	(303)	(761)	(360)	(830)
<b>Extraordinary items include the following charges:</b>				
Acquisition cost on investment in subsidiaries	595	-	3,033	-
Share options granted under ESOS	-	-	2,415	-

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.



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**II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31/12/2016 RM'000</b>	<b>Audited As at 31/12/2015 RM'000</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	32,255	21,250
Investment in associates	177,010	-
Other investments	4,674	4,172
Goodwill on consolidation	49,740	1,636
Intangible assets	49,031	3,553
Trade and other receivables	-	985
	<u>312,710</u>	<u>31,596</u>
Current assets		
Stock	649	-
Trade and other receivables	68,610	93,657
Tax recoverable	3,216	1,916
Cash and cash equivalents	72,283	46,120
	<u>144,758</u>	<u>141,693</u>
<b>Total assets</b>	<b><u>457,468</u></b>	<b><u>173,289</u></b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to Owners of the Company		
Share capital	346,578	155,049
Warrant reserve	5,691	-
Share Option reserves	2,415	-
Translation reserve	11,811	(54)
Retained earnings/ (Accumulated losses)	37,044	(53,995)
	<u>403,539</u>	<u>101,000</u>
Non-controlling Interests	<u>(1,884)</u>	<u>(747)</u>
<b>Total equity</b>	<b><u>401,655</u></b>	<b><u>100,253</u></b>
Non-current liabilities		
Deferred tax liabilities	12,056	658
Borrowing- long term portion	-	1,541
	<u>12,056</u>	<u>2,199</u>
Current liabilities		
Borrowing – short term portion	-	18,495
Trade and other payables	42,059	50,733
Tax payable	1,698	1,609
	<u>43,757</u>	<u>70,837</u>
Total liabilities	<u>55,813</u>	<u>73,036</u>
<b>Total equity and liabilities</b>	<b><u>457,468</u></b>	<b><u>173,289</u></b>
<b>Net assets per share attributable to Owners of the Company (RM)</b>	<b><u>0.23</u></b>	<b><u>0.13</u></b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.



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**III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Twelve months to 31/12/2016 RM'000</b>	<b>Audited Twelve months to 31/12/2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	195,399	112,977
Cash payments to suppliers	(76,176)	(25,800)
Cash payments to employees and other expenses	(51,750)	(56,637)
	67,473	30,540
Cash generated from operations	67,473	30,540
Income tax paid (net)	(12,638)	(9,204)
Zakat	(432)	(359)
	54,403	20,977
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment and intangible assets	(5,927)	(18,385)
Proceeds from disposal of plant and equipment	7	6
Interest received	233	1,644
Acquisition of subsidiaries	(57,411)	(1,377)
Acquisition of investments	(37,965)	-
Deposits for acquisition of investment	(1,246)	(7,621)
Capital repayment by a subsidiary to non-controlling interest	(23,288)	-
	(125,597)	(25,733)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	26,330	-
Proceeds from issuance of ordinary shares	126,281	-
Repayment of bank borrowing	(46,367)	(18,494)
Interest paid	(835)	(1,458)
Decrease/(Increase) in pledged deposits and restricted cash	3,565	(2,001)
Dividend paid to owners of the Company	(7,752)	-
Dividend paid by a subsidiary to non-controlling interests	(300)	-
	100,922	(21,953)
<b>Net cash used in financing activities</b>	<b>100,922</b>	<b>(21,953)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>29,728</b>	<b>(26,709)</b>
Cash and Cash Equivalents as at beginning of financial year	36,901	63,610
	66,629	36,901
<b>Cash and Cash Equivalents as at end of financial year</b>	<b>(a) 66,629</b>	<b>36,901</b>
	66,629	36,901

(a) **Cash and Cash Equivalents comprise the following Statements of Financial Position amounts:**

	<b>As at 31/12/2016 RM'000</b>	<b>As at 31/12/2015 RM'000</b>
Cash and deposits with licensed banks		
- Unrestricted	66,629	36,901
- Restricted	5,654	9,219
	72,283	46,120
Less: Cash and cash equivalents pledged as security	(5,654)	(9,219)
	66,629	36,901
Cash and Cash Equivalents as at end of financial year	66,629	36,901

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.



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**IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

In RM'000	← Attributable to Owners of the Company →				Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Warrant Reserve	Share Option Reserves	Translation reserve				
<b>Twelve months to 31 December 2016</b>								
Balance as at 1 January 2016	155,049	-	-	(54)	(53,995)	101,000	(747)	100,253
Profit for the year	-	-	-	-	133,743	133,743	(1,517)	132,226
Foreign currency translation differences for foreign operations	-	-	-	345	-	345	-	345
Share of other comprehensive income of associates	-	-	-	11,520	-	11,520	-	11,520
Total comprehensive income for the year	-	-	-	11,865	133,743	145,608	(1,517)	144,091
Contribution by and distribution to owners of the Company								
Issuance of shares								
- Effect of issuance of Rights Issue	93,029	3,721	-	-	-	96,750	-	96,750
- Effect of issuance of Special Issue	26,000	520	-	-	-	26,520	-	26,520
- Effect of acquisition of subsidiaries	72,500	1,450	-	-	(26,277)	47,673	380	48,053
Share-based payment transactions	-	-	2,415	-	-	2,415	-	2,415
Dividend paid to owners of the Company	-	-	-	-	(16,427)	(16,427)	-	(16,427)
Total transactions with owners of the Company	191,529	5,691	2,415	-	(42,704)	156,931	380	157,311
Balance as at 31 December 2016	346,578	5,691	2,415	11,811	37,044	403,539	(1,884)	401,655
<b>Twelve months to 31 December 2015</b>								
Balance as at 1 January 2015	155,049	-	-	-	(68,859)	86,190	21,996	108,186
Profit for the year	-	-	-	-	11,226	11,226	4,599	15,825
Foreign currency translation differences for foreign Operations	-	-	-	(54)	-	(54)	-	(54)
Total comprehensive income for the year	-	-	-	(54)	11,226	11,172	4,599	15,771
Effect of acquisition of subsidiaries	-	-	-	-	-	-	(117)	(117)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	(300)	(300)
Selective capital reduction and repayment	-	-	-	-	-	-	(23,287)	(23,287)
Changes in subsidiary's ownership interests that do not result in loss of control	-	-	-	-	3,638	3,638	(3,638)	-
Balance as at 31 December 2015	155,049	-	-	(54)	(53,995)	101,000	(747)	100,253

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.



## Quarterly Report On Consolidated Results For The Fourth Quarter Ended 31 December 2016

### V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 December 2016, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These quarterly financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

#### 2 Significant accounting policies

The Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2016:-

• Amendments to MFRS 11	: Accounting for Acquisitions of Interests in Joint Operations
• Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011)	: Investment Entities – Applying the Consolidation Exception
• Amendments to MFRS 101	: Presentation of Financial Statements – Disclosure Initiative
• Amendments to MFRS 116 and MFRS 138	: Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to MFRS 127 (2011)	: Equity Method in Separate Financial Statements
• Amendments to MFRSs	: Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

#### 3 Audit report in respect of the 2015 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2015 was not qualified.

#### 4 Seasonal or cyclical factors

The Group's operations are not subject to any seasonal or cyclical factors.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current year.

#### 6 Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current year.



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### 7 Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current year ended 31 December 2016.

### 8 Dividend

A first interim dividend of 1.0 sen net per ordinary share amounting to RM7,752,447 in respect of the financial year ended 31 December 2016 was paid on 15 June 2016.

A second interim dividend of 0.5 sen net per ordinary share amounting to RM8,674,457 in respect of the financial year ended 31 December 2016 payable on 28 February 2017.

The Directors do not recommend the payment of any final dividend for the current year ended 31 December 2016.

### 9 Segmental information for the current period

The Group's current activity is mainly from the Information Technology and Energy industries.

Business Segment	Financial Year Ended 31 December 2016			
	Revenue RM'000	Profit Before Tax and Zakat RM'000	Profit Attributable to Owners of the Company RM'000	Net Asset RM'000
Information Technology	149,548	31,092	21,087	69,707
Energy	28,907	110,961	112,656	331,948
Consolidated Total	178,455	142,053	133,743	401,655

### 10 Material events subsequent to the current period

In the opinion of the Directors, there are no items, transactions or events of material and unusual nature which have arisen since 31 December 2016 to the date of this announcement which would substantially affect the financial results of the Group for the current year ended 31 December 2016.

### 11 Changes in the composition of the Group

There are no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

On 3 August 2016, the Share Sale Agreement dated 18 June 2014 for the acquisition of entire equity interest in OGPC Sdn. Bhd. and in OGPC O&G Sdn. Bhd. ("SSA") (as amended by the Supplemental SSA) has been satisfied and the acquisitions have been completed. Accordingly, DNeX owns 100% equity interest in OGPC Sdn. Bhd. and OGPC O&G Sdn. Bhd. ("OGPC Group")

### 12 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement.



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13 Capital commitments

There are no material capital commitments as at the date of this announcement, other than as follow:

A subsidiary of the Company entered a Sale & Purchase Agreement to acquire two units of annex semi-detached seven (7) storey office towers located at Cyberjaya for RM22,544,990. An initial deposit of RM2,496,835.60 was paid to the Developer and the balance of purchase price is intended to be funded by external borrowing.

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2016 RM'000	Preceding year corresponding quarter 31/12/2015 RM'000	Twelve months to 31/12/2016 RM'000	Twelve months to 31/12/2015 RM'000
Malaysian income tax				
- Current taxation	(4,745)	(2,895)	(9,744)	(8,253)
- Under provision in prior year	1	(763)	(291)	(1,128)
Total current tax expense	(4,744)	(3,658)	(10,035)	(9,381)
Deferred tax expenses				
- Current period	-	692	-	1,407
- Over provision in prior year	500	-	658	731
Total deferred tax expenses	500	692	658	2,138
	(4,244)	(2,966)	(9,377)	(7,243)

The effective tax rate of the Group for accumulative quarter (exclude the share of result of associate) was higher than the statutory tax rate. The provision for the tax payable was made by profitable subsidiary companies and certain expenses of the Group were disallowed for tax purposes.

15 Status of corporate proposals announced but not completed as at the date of this announcement

There are no announced corporate proposals that are not completed as at the date of this report.

16 Utilisation of Rights Issue and Special Issue proceeds

Detail of utilization	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
<b><u>Proposed Rights Issue</u></b>			
Proposed acquisitions	73,000	73,000	-
Working capital	19,881	19,881	-
Estimate expenses for the Proposals	4,800	4,800	-
	97,681	97,681	-
<b><u>Proposed Special Issue</u></b>			
Future investment/projects	28,600	28,600	-



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### 17 Derivatives

There are no derivatives as at the date of this announcement.

### 18 Classification of financial assets

For year ended 31 December 2016, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

### 19 Material litigation

The Company and its subsidiaries have no material litigation as at the date of this announcement.

### 20 Comparison between the current quarter and the immediate preceding quarter

The Group recorded total revenue of RM67.3 million in current quarter as compared to the immediate preceding quarter of RM36.8 million. The increased revenue for current quarter was mainly driven from the consolidation of full quarter results of OGPC Group, and second 40% progress billing of **VEP&RC Contract** from Ministry of Transport ("MOT"). DNeX RFID Sdn. Bhd. a 51% owned subsidiary company had been awarded a total sub-contract for VEP&RC Contract worth RM42.6 million (GST excluded).

The Group recorded Profit Before Tax ("**PBT**") before extraordinary item of RM36.3 million in current quarter as compared to the immediate preceding quarter of RM13.4 million. The main contributor to the hike in PBT comes from the RM31.3 million, share of result of associate company, Ping Petroleum Limited ("**Ping**") (RM6.9 million in immediate preceding quarter).

### 21 Detailed analysis of the performance for the current quarter and year-to-date

#### Quarter ended 31 December 2016 compared with quarter ended 31 December 2015

The Group recorded revenue of RM67.3 million in the current quarter and RM27.9 million in the preceding year corresponding quarter. The increase in revenue was mainly contributed by to the partial revenue recognition on VEP&RC Contract of RM17.1 million and post acquisition revenue of OGPC Group in current quarter.

The Group recorded a PBT before extraordinary item of RM36.3 million in current quarter as compared to the preceding year corresponding quarter of RM7.4 million. Included in the Group's current quarter PBT is a share of result of associate of RM31.3 million, contributed by an associate company, Ping.

#### Year-to-date ended 31 December 2016 compared with year-to-date ended 31 December 2015

The Group recorded RM178.5 million in revenue for the current year-to-date as compared to the preceding year of RM95.6 million. The higher revenue of 87% in the current year-to-date was primarily due to the substantial completion of VEP&RC contract, a total of RM34.2 million of work done on VEP & RC contract was billed in current year. The post acquisition revenue of the newly acquired OGPC Group, and the growth in the Group's B2G in trade facilitation business also contributed to the increased.

The Group recorded PBT before extraordinary item of RM147.5 million in current year-to-date as compared to the preceding year of RM23.4 million. The current year-to-date PBT was mainly contributed by an associate company, Ping and post acquisition result of OGPC Group. The current year's share of results in associates of RM123.5 million was derived from the Group's share of profit in Ping for the year of RM33.8 million, and also the share of excess of entity's share of net fair value of RM89.6 million.



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### 22 Prospects for 2017

The Group completed its transformation to become a stronger company with two core businesses and a healthy balance sheet with zero gearing in 2016. It is well-positioned to compete for new businesses and extend its growth momentum.

The Group's Information Technology business continues to firm up its e-services by broadening its product range in business-to-business segment to complement the Group's position in delivering business-to-government services. We have further extended our core IT and e-services capability to serve specific requirements of customers comprising authorities, agencies, and companies. The eWork Permit System is one of such service.

The Group was awarded a total subcontract to operate and manage the VEP&RC Contract worth RM104.3 million for a total of five years by Government of Malaysia. Regionally, we have been appointed as exclusive Project Consultant for the Road Charge Vehicle Entry Permit System for the Thailand-Malaysia border and any other borders to Thailand.

The Group income performance is expected to perform well in tandem with the improving crude oil price outlook. The recent success in securing two (2) mini bids under the PETRONAS Carigali Umbrella Contract, by the Group's directional drilling unit has further open up a new revenue stream to the Group's Energy business on top of the revenue from OGPC Group.

Barring any unforeseen circumstances, the Group expects to deliver positive results for the year 2017.

### 23 Variance for actual and forecast profit

The Company did not issue any profit forecast or profit guarantee during the financial year.

### 24 Earnings per share

	Current year quarter 31/12/2016	Preceding year corresponding quarter 31/12/2015	Twelve months to 31/12/2016	Twelve months to 31/12/2015
Profit attributable to the Owners of the Company (RM'000)	30,619	3,790	133,743	11,226
Weighted average number of shares ('000)	1,732,891	775,245	1,164,246	775,245
Basic earnings per share (sen)	1.77	0.49	11.49	1.45



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## Quarterly Report On Consolidated Results For The Fourth Quarter Ended 31 December 2016

### 25 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 December 2016, into realised and unrealised profit, pursuant to the directive, is as follows:

	As at end of current financial year end 31/12/2016 RM'000	As at preceding financial year end 31/12/2015 RM'000
Total retained earnings /(accumulated losses) of the Company and its subsidiaries:		
- Realised	63,073	(41,258)
- Unrealised	12,156	36
	<u>75,229</u>	<u>(41,222)</u>
Less: Consolidation adjustments	(38,185)	(12,773)
Retained earnings/(Accumulated losses)	<u>37,044</u>	<u>(53,995)</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

### 26 Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur  
20 February 2017

By Order of the Board  
KEH CHING TYNG (MAICSA 7050134)  
Company Secretary