



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

CONTENTS

Page

I	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	2
II	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	4
III	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	5
IV	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY	6
V	NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	7
1	Basis of preparation	7
2	Significant accounting policies	7
3	Audit report in respect of the 2015 financial statements.....	7
4	Seasonal or cyclical factors.....	7
5	Unusual items due to their nature, size or incidence.....	7
6	Material changes in estimates used.....	7
7	Debt and equity securities.....	8
8	Dividend	8
9	Segmental information for the current period.....	8
10	Material events subsequent to the current period	8
11	Changes in the composition of the Group	8
12	Contingent liabilities	8
13	Capital commitments.....	8
14	Income tax	9
15	Status of corporate proposals announced but not completed as at the date of this announcement	9
16	Utilisation of Rights Issue and Special Issue proceeds.....	9
17	Derivatives	9
18	Classification of financial assets.....	9
19	Material litigation	9
20	Comparison between the current quarter and the immediate preceding quarter	10
21	Detailed analysis of the performance for the current quarter and year-to-date	10
22	Prospects for 2016.....	10
23	Variance for actual and forecast profit.....	11
24	Earnings per share.....	11
25	Breakdown of realised and unrealised profits or losses	11
26	Authorisation for issue.....	11



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

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 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
Revenue	36,836	23,031	111,149	67,636
Cost of sales	(14,220)	(4,742)	(51,090)	(13,786)
Gross profit	22,616	18,289	60,059	53,850
Other income	60	573	2,512	2,532
Expenses	(15,791)	(12,195)	(42,790)	(38,968)
Finance cost	(357)	(380)	(791)	(1,173)
Share of result of associate, net of tax	6,871	(171)	92,212	(214)
Profit before extraordinary items and income tax	13,399	6,116	111,202	16,027
Extraordinary items	(4,853)	-	(4,853)	-
Income tax (Note 14)	(1,786)	(1,396)	(5,133)	(4,277)
Profit for the period	6,760	4,720	101,216	11,750
Other comprehensive income for the period, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	10	-	53	-
Total comprehensive income for the period	6,770	4,720	101,269	11,750



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
Profit attributable to:				
- Owners of the Company	8,251	3,055	103,124	7,436
- Non-controlling Interests	(1,491)	1,665	(1,908)	4,314
Profit for the period	6,760	4,720	101,216	11,750
Total comprehensive income attributable to:				
- Owners of the Company	8,261	3,055	103,177	7,436
- Non-controlling Interests	(1,491)	1,665	(1,908)	4,314
Total comprehensive income for the period	6,770	4,720	101,269	11,750
Earnings per share				
- Basic	0.58 sen	0.39 sen	10.44 sen	0.96 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 quarter 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(20)	(352)	(125)	(1,308)
Loss / (Gain) on disposal of plant and equipment	1	(1)	4	2
Interest expense	357	380	791	1,173
Depreciation and amortization	2,368	2,440	5,822	7,692
Impairment loss of receivables	1,150	189	2,266	378
Voluntary separation scheme and other related compensation cost	220	-	220	5,696
Reversal of impairment loss of receivables	(69)	(41)	(69)	(41)
Foreign exchange gain	(133)	(69)	(57)	(69)
Extraordinary items include the following charges:				
Acquisition cost on investment in subsidiaries	2,438	-	2,438	-
Share options granted under ESOS	2,415	-	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.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Plant and equipment	33,524	21,250
Investment in associate	134,437	-
Other investments	5,418	4,172
Goodwill on consolidation	49,740	1,636
Intangible assets	51,249	3,553
Trade and other receivables	-	985
	<hr/> 274,368	<hr/> 31,596
Current assets		
Trade and other receivables	94,803	93,657
Tax recoverable	1,191	1,916
Cash and cash equivalents	64,236	46,120
	<hr/> 160,230	<hr/> 141,693
Total assets	<hr/> 434,598	<hr/> 173,289
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	346,578	155,049
Reserves	15,100	(53,995)
Warrant reserves	5,691	-
ESOS reserves	2,415	-
Translation reserves	(1)	(54)
	<hr/> 369,783	<hr/> 101,000
Non-controlling Interests	(2,275)	(747)
Total equity	<hr/> 367,508	<hr/> 100,253
Non-current liabilities		
Deferred tax liabilities	12,556	658
Borrowing- long term portion	-	1,541
	<hr/> 12,556	<hr/> 2,199
Current liabilities		
Borrowing – short term portion	8,165	18,495
Trade and other payables	45,903	50,733
Tax payable	466	1,609
	<hr/> 54,534	<hr/> 70,837
Total liabilities	67,090	73,036
Total equity and liabilities	<hr/> 434,598	<hr/> 173,289
Net assets per share attributable to Owners of the Company (RM)	<hr/> 0.21	<hr/> 0.13

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.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2016 RM'000	Unaudited Nine months to 30/9/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	129,949	78,620
Cash payments to suppliers	(45,424)	(15,661)
Cash payments to employees and other expenses	(41,354)	(41,881)
	43,171	21,078
Cash generated from operations	43,171	21,078
Income tax paid (net)	(6,184)	(5,948)
Zakat	95	49
	37,082	15,179
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and intangible assets	(4,766)	(18,135)
Proceeds from disposal of plant and equipment	-	6
Interest received	125	1,308
Acquisition of subsidiaries	(57,411)	-
Acquisition of investments	(37,974)	(1,377)
Deposits for acquisition of investment	(1,246)	(7,310)
Capital repayment by a subsidiary to non-controlling interest	(23,288)	-
	(124,560)	(25,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	26,330	-
Proceeds from issuance of ordinary shares	126,281	-
Repayment of bank borrowing	(38,201)	(13,871)
Interest paid	(764)	(1,178)
(Increase)/Decrease in pledged deposits and restricted cash	(2,085)	1,741
Dividend paid to owners of the Company	(7,752)	-
Dividend paid by a subsidiary to non-controlling interests	(300)	-
	103,509	(13,308)
Net cash used in financing activities	103,509	(13,308)
Net Change in Cash and Cash Equivalents	16,031	(23,637)
Cash and Cash Equivalents as at beginning of financial period	36,901	63,610
	52,932	39,973
Cash and Cash Equivalents as at end of financial period	(a) 52,932	39,973
	52,932	39,973

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

	As at 30/9/2016 RM'000	As at 30/9/2015 RM'000
Cash and deposits with licensed banks		
- Unrestricted	52,932	39,973
- Restricted	11,304	5,477
	64,236	45,450
Less: Cash and cash equivalents pledged as security	(11,304)	(5,477)
	52,932	39,973
Cash and Cash Equivalents as at end of financial period	52,932	39,973

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.

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Company →					Total	Non-controlling Interest	Total
	Share Capital	Warrant Reserves	Non-distributable ESOS Reserves	Translation Reserves	Retained Earnings/ (Accumulated Losses)			
Nine months to 30 September 2016								
Balance as at 1 January 2016	155,049	-	-	(54)	(53,995)	101,000	(747)	100,253
Profit for the year	-	-	-	-	103,124	103,124	(1,908)	101,216
Effect of translation of foreign subsidiaries	-	-	-	53	-	53	-	53
Total comprehensive income for the year	-	-	-	53	103,124	103,177	(1,908)	101,269
Effect of acquisition of subsidiary	72,500	1,450	-	-	(26,277)	47,673	380	48,053
Effect of issuance of Right Issue	93,029	3,721	-	-	-	96,750	-	96,750
Effect of issuance of Special Issue	26,000	520	-	-	-	26,520	-	26,520
Share options granted under ESOS	-	-	2,415	-	-	2,415	-	2,415
Dividend to Owners of the Company	-	-	-	-	(7,752)	(7,752)	-	(7,752)
Balance as at 30 September 2016	346,578	5,691	2,415	(1)	15,100	369,783	(2,275)	367,508
Nine months to 30 September 2015								
Balance as at 1 January 2015	155,049	-	-	-	(68,859)	86,190	21,996	108,186
Profit for the year	-	-	-	-	7,436	7,436	4,314	11,750
Total comprehensive income for the year	-	-	-	-	7,436	7,436	4,314	11,750
Effect of acquisition of subsidiary	-	-	-	-	-	-	(117)	(117)
Balance as at 30 September 2015	155,049	-	-	-	(61,423)	93,626	26,193	119,819

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 Third Quarter Ended 30 September 2016

V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 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 period.

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 period.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

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 period ended 30 September 2016.

8 Dividend

The Directors do not recommend the payment of any dividend for the current year quarter ended 30 September 2016 (2015: Nil). An interim dividend of 1.0 sen per share under the single-tier system totaling RM7.752 million for the period ended 31 March 2016 was paid on 15 June 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 Period Ended 30 September 2016			
	Revenue RM'000	Profit Before Tax RM'000	Profit Attributable to Owners of the Company RM'000	Net Asset RM'000
Information Technology	98,991	21,611	16,853	78,310
Energy	12,158	84,738	86,271	289,198
Consolidated Total	111,149	106,349	103,124	367,508

10 Material events subsequent to the current period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2016 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 September 2016.

11 Changes in the composition of the Group

There were 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, other than as follows:

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.

12 Contingent liabilities

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

13 Capital commitments

There are no material capital commitments as at the date of this announcement.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
Malaysian income tax				
- Current taxation	(1,494)	(1,663)	(4,999)	(5,075)
- Under provision in prior year	(292)	(513)	(292)	(648)
Total current tax expense	(1,786)	(2,176)	(5,291)	(5,723)
Deferred tax expenses				
- Current period	-	780	158	1,446
Total deferred tax expenses	-	780	158	1,446
	(1,786)	(1,396)	(5,133)	(4,277)

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 were no announced corporate proposals 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
<u>Proposed Rights Issue</u>			
Proposed acquisitions	73,000	73,000	-
Working capital	19,881	19,728	153
Estimate expenses for the Proposals	4,800	4,800	-
	97,681	97,528	153
<u>Proposed Special Issue</u>			
Future investment/projects	28,600	28,466	134

17 Derivatives

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

18 Classification of financial assets

For period ended 30 September 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.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

20 Comparison between the current quarter and the immediate preceding quarter

The Group recorded total revenue of RM36.8 million in current quarter as compared to the immediate preceding quarter of RM47.4 million. The revenue for current quarter was mainly driven from its trade facilitation business and post acquisition revenue of OGPC Sdn. Bhd. and OGPC O&G Sdn. Bhd.(collectively refers as OGPC Group) in current quarter.

The higher revenue in the immediate preceding quarter was mainly due to the partial revenue recognition on progress billing of “Projek Sistem Kutipan Caj Jalan (“Road Charges-RC”) & Kemasukan Kenderaan Asing (“Vehicle Entry Permit-VEP”) collectively known as the “**VEP&RC Contract**” from Ministry of Transport (“MOT”). DNeX RFID Sdn. Bhd. a 51% owned subsidiary company had on 16 November 2015 awarded a total sub-contract for VEP&RC Contract worth RM45.2 million (GST included).

The Group recorded Profit Before Tax (“**PBT**”) and extraordinary item of RM13.4 million in current quarter as compared to the immediate preceding quarter of RM91.5 million. The Group recorded a share of result of associate of RM6.9 million in current year quarter (RM85.3 million in immediate preceding quarter).

The PBT of current quarter was affected by an extraordinary item of RM4.9 million which consists of acquisition cost of subsidiary companies and implementation of Employee Share Option Scheme (“**ESOS**”).

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

Quarter ended 30 September 2016 compared with quarter ended 30 September 2015

The Group recorded revenue of RM36.8 million in the current quarter and RM23.0 million in the preceding year corresponding quarter. The increase in revenue was mainly contributed by post acquisition revenue of OGPC Group in current quarter, growth in trade facilitation and other information Technology businesses.

The Group recorded a PBT before extraordinary item of RM13.4 million in current quarter as compared to the preceding year corresponding quarter of RM6.1 million. Included in the Group’s current quarter PBT is a share of result of associate of RM6.9 million, contributed by an associate company, Ping Petroleum Limited (“**Ping**”).

Year-to-date ended 30 September 2016 compared with year-to-date ended 30 September 2015

The Group recorded RM111.1 million in revenue for the current year-to-date as compared to the preceding year of RM67.6 million. The higher revenue of 64% in the current year-to-date was mainly due to the partial revenue recognition on VEP&RC contract in current year, post acquisition revenue of OGPC Group, as well as the contribution from the growth in the Group’s B2G in trade facilitation business.

The Group recorded PBT before extraordinary item of RM111.2 million in current year-to-date as compared to the preceding year of RM16.0 million. The current year-to-date PBT was mainly contributed by the Group’s 30% owned associate company, Ping and post acquisition result of OGPC Group.

22 Prospects for 2016

The completion of Ping investment had resulted in a significant improvement in Group net assets; the Acquisition of OGPC Group which was completed on 3 August 2016 has further enhanced DNeX’s financial performance.

For Information Technology business, the Group continues to firm up its services and broadening its product range in B2B segment of its e-commerce services to complement the Group’s position in delivering B2G services in trade facilitation business.

Barring any unforeseen circumstances, the Group expects to deliver positive results for the year 2016.



DAGANG NEXCHANGE BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2016

23 Variance for actual and forecast profit

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

24 Earnings per share

	Current year quarter 30/9/2016	Preceding year corresponding quarter 30/9/2015	Nine months to 30/9/2016	Nine months to 30/9/2015
Profit attributable to the Owners of the Company (RM'000)	8,251	3,055	103,124	7,436
Weighted average number of shares ('000)	1,413,676	775,245	988,055	775,245
Basic earnings per share (sen)	0.58	0.39	10.44	0.96

25 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 September 2016, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial year end 30/9/2016 RM'000	As at preceding financial year end 31/12/2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	3,150	(41,258)
- Unrealised	12,494	36
	<u>15,644</u>	<u>(41,222)</u>
Less: Consolidation adjustments	(544)	(12,773)
Retained earnings/(Accumulated losses)	<u>15,100</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
24 November 2016

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