



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 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 31/3/2016 RM'000	Preceding year corresponding quarter 31/3/2015 RM'000	Three months to 31/3/2016 RM'000	Three months to 31/3/2015 RM'000
Revenue	26,892	21,990	26,892	21,990
Cost of sales	(8,174)	(5,153)	(8,174)	(5,153)
Gross profit	18,718	16,837	18,718	16,837
Other income	378	1,305	378	1,305
Expenses	(12,627)	(15,600)	(12,627)	(15,600)
Finance cost	(197)	(421)	(197)	(421)
Profit before income tax	6,272	2,121	6,272	2,121
Income tax (Note 14)	(1,592)	(984)	(1,592)	(984)
Profit for the period	4,680	1,137	4,680	1,137
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	114	-	114	-
Total comprehensive income for the period	4,794	1,137	4,794	1,137



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2016 RM'000	Preceding year corresponding quarter 31/3/2015 RM'000	Three months to 31/3/2016 RM'000	Three months to 31/3/2015 RM'000
Profit attributable to:				
- Owners of the Company	5,373	467	5,373	467
- Non-controlling Interests	(693)	670	(693)	670
Profit for the period	4,680	1,137	4,680	1,137
Total comprehensive income attributable to:				
- Owners of the Company	5,487	467	5,487	467
- Non-controlling Interests	(693)	670	(693)	670
Total comprehensive income for the period	4,794	1,137	4,794	1,137
Earnings per share				
- Basic	0.69 sen	0.06 sen	0.69 sen	0.06 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 31/3/2016 RM'000	Preceding year corresponding quarter 31/3/2015 RM'000	Three months to 31/3/2016 RM'000	Three months to 31/3/2015 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(88)	(503)	(88)	(503)
Loss on disposal of plant and equipment	-	3	-	3
Interest expense	197	421	197	421
Depreciation and amortisation	1,866	2,406	1,866	2,406
Impairment loss of receivables	95	62	95	62
Voluntary separation scheme and other related compensation cost	-	5,550	-	5,550
Foreign exchange loss	72	-	72	-

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

	Unaudited As at 31/3/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Plant and equipment	20,102	21,250
Investment in associates	-	-
Other investment	4,087	4,172
Goodwill	2,615	1,636
Intangible assets	3,760	3,553
Trade and other receivables	-	985
	<hr/>	<hr/>
	30,564	31,596
Current assets		
Trade and other receivables	109,408	93,657
Tax recoverable	1,562	1,916
Cash and cash equivalents	16,906	46,120
	<hr/>	<hr/>
	127,876	141,693
	<hr/>	<hr/>
Total assets	158,440	173,289
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(48,622)	(53,995)
Translation reserves	60	(54)
	<hr/>	<hr/>
	106,487	101,000
Non-controlling Interests	(1,440)	(747)
	<hr/>	<hr/>
Total equity	105,047	100,253
Non-current liabilities		
Deferred tax liabilities	658	658
Borrowing- long term portion	-	1,541
	<hr/>	<hr/>
	658	2,199
Current liabilities		
Borrowing – short term portion	15,412	18,495
Trade and other payables	35,535	50,733
Tax payable	1,788	1,609
	<hr/>	<hr/>
	52,735	70,837
	<hr/>	<hr/>
Total liabilities	53,393	73,036
Total equity and liabilities	158,440	173,289
	<hr/>	<hr/>
Net assets per share attributable to Owners of the Company (RM)	0.14	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.



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2016 RM'000	Unaudited Three months to 31/3/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	25,214	20,267
Cash payments to suppliers	(10,696)	(1,922)
Cash payments to employees and other expenses	(13,744)	(15,135)
	774	3,210
Cash generated from operations	774	3,210
Income tax paid (net)	(588)	(1,241)
Zakat	-	97
	186	2,066
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and intangible assets	(763)	(258)
Proceeds from disposal of plant and equipment	-	5
Interest received	88	503
Acquisition of subsidiaries	-	(1,377)
Deposits for acquisition of investment	(290)	-
Capital repayment by a subsidiary to non-controlling interests	(23,288)	-
	(24,253)	(1,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowing	(4,624)	(4,624)
Interest paid	(224)	(449)
Decrease in pledged deposits and restricted cash	12	3,168
Dividend paid by a subsidiary to non-controlling interests	(300)	-
	(5,136)	(1,905)
Net Change in Cash and Cash Equivalents		
	(29,203)	(966)
Cash and Cash Equivalents as at beginning of financial period	36,901	63,610
	(a) 7,698	62,644
Cash and Cash Equivalents as at end of financial period	7,698	62,644

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

	As at 31/3/2016 RM'000	As at 31/3/2015 RM'000
Cash and deposits with licensed banks		
- Unrestricted	7,698	62,644
- Restricted	9,208	4,050
	16,906	66,694
Less: Cash and cash equivalents pledged as security	(9,208)	(4,050)
	7,698	62,644
Cash and Cash Equivalents as at end of financial period	7,698	62,644

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 →				Non-controlling Interests	Total
	Share Capital	Accumulated Losses	Non-distributable Translation Reserves	Total		
Three months to 31 March 2016						
Balance as at 1 January 2016	155,049	(53,995)	(54)	101,000	(747)	100,253
Profit for the year	-	5,373	-	5,373	(693)	4,680
Effect of translation of foreign subsidiaries	-	-	114	114	-	114
Total comprehensive income for the year	-	5,373	114	5,487	(693)	4,794
Balance as at 31 March 2016	155,049	(48,622)	60	106,487	(1,440)	105,047
Three months to 31 March 2015						
Balance as at 1 January 2015	155,049	(68,859)	-	86,190	21,996	108,186
Profit for the year	-	467	-	467	670	1,137
Total comprehensive income for the year	-	467	-	467	670	1,137
Effect of acquisition of subsidiary	-	-	-	-	(117)	(117)
Balance as at 31 March 2015	155,049	(68,392)	-	86,657	22,549	109,206

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 First Quarter Ended 31 March 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 March 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.



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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 period ended 31 March 2016, other than those disclosed in Note 15.

8 Dividend

The Directors recommend an interim dividend of 1.0 sen per share under the single-tier system totaling RM7.752 million for the current period ended 31 March 2016 (2015: Nil).

9 Segmental information for the current period

The Group's current activity is mainly from the Information Communications & Technologies' industry.

The Group is diversifying into the energy business through strategic acquisitions and/or long-term partnerships. The relevant businesses in the energy business, which the Group will venture into are Oil and Gas ("O&G") product and services, Upstream E&P and Power Industry.

Business Segment	Financial Period Ended 31 March 2016		
	Revenue RM'000	Profit/(Loss) Before Tax RM'000	Profit Attributable to Owners of the Company RM'000
Information Communications & Technologies	25,741	8,107	6,895
Energy	1,151	(1,835)	(1,522)
Consolidated Total	26,892	6,272	5,373

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 31 March 2016 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 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.

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 other than those disclosed in Note 15 on the corporate proposals announced but not completed as at the date of this announcement.



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14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2016 RM'000	Preceding year corresponding quarter 31/3/2015 RM'000	Three months to 31/3/2016 RM'000	Three months to 31/3/2015 RM'000
Malaysian income tax				
- Current taxation	(1,592)	(950)	(1,592)	(950)
- Under provision in prior year	-	(34)	-	(34)
Total current tax expense	(1,592)	(984)	(1,592)	(984)

The effective tax rate of the Group for accumulative quarter was more than the statutory tax rate. The provision for the tax payable has been made by the profitable subsidiary company 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

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report.

- I. On 18 June 2014, AmlInvestment Bank Berhad, on behalf of the Board, announced that the Company is undertaking Proposed Rights Issue, Proposed Special Issue, Proposed Acquisitions and Proposed Employee's Share Option Scheme (collectively refer hereafter as "Proposals"). On 5 March 2015, AmlInvestment Bank Berhad, on behalf of the Board, announced that the Company is undertaking the "Revised Proposals", which is a revision to the same corporate proposals in the Proposals.

On 27 January 2016, the shareholders of the Company approved the Revised Proposals. On 18 April 2016, AmlInvestment Bank Berhad, on behalf of the announced that the Securities Commission Malaysia had, via its letter dated 18 April 2016, approved the Company's application for the first extension of time of five (5) months to 20 September 2016 to implement and complete the Proposed Scheme in relation to the Revised Proposals.

- II. On 7 September 2015, the Company announced that its wholly-owned subsidiary, DNeX Petroleum Sdn Bhd had entered into a share subscription agreement with Ping Petroleum Limited ("Ping") to subscribe for new ordinary shares of USD0.001 each in Ping, which represent 30% of the enlarged issued share capital of Ping, for a total consideration of USD10.0 million ("Proposed Ping Subscription"). On 27 April 2016, the shareholders of the Company approved the Proposed Ping Subscription.

16 Derivatives

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

17 Classification of financial assets

For period ended 31 March 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.

18 Material litigation

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



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19 Comparison between the current quarter and the immediate preceding quarter

The Group recorded total revenue of RM26.9 million in current quarter as compared to the immediate preceding quarter of RM27.9 million. The revenue was mainly derived from its trade facilitation business and the progress billings of an integrated ICT solution and maintenance contract from Jabatan Kerja Raya Malaysia.

The Group recorded Earnings before Interest, Tax, Depreciation and Amortization (“EBITDA”) of RM8.3 million in current quarter as compared to the immediate preceding quarter of RM9.8 million. The current quarter EBITDA is affected by the business development expenses incurred for the Group’s business initiatives for both Energy and ICT divisions, includes the one-off professional fees for implementing the corporate exercises.

20 Detailed analysis of the performance for the current quarter

Quarter ended 31 March 2016 compared with quarter ended 31 March 2015

The Group recorded revenue of RM26.9 million in the current quarter and RM22.0 million in the preceding year corresponding quarter. The increase in revenue was mainly contributed by 10% growth in the Group’s B2G business, and recurring revenue from leasing of directional drilling equipment from Energy division.

The Group recorded EBITDA of RM8.3 million in current quarter as compared to the preceding year corresponding quarter of RM4.9 million. The increase in EBITDA in current quarter is mainly attributable to the growth in trade facilitation business and operation efficiency. The 2015 result was affected by one-off payment of voluntary separation scheme and other compensation cost (“VSS payment”) of RM5.55 million.

21 Prospects for 2016

The completion of the Acquisitions of OGPC Group and Proposed Ping Subscription are expected in 3rd Quarter of 2016, will further enhanced DNeX’s shareholders’ value in medium and long term.

The Group continues to firm up its services and broadening its product range in B2B segment of its e-commerce services both domestically and internationally 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.

22 Variance for actual and forecast profit

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

23 Earnings per share

	Current year quarter 31/3/2016	Preceding year corresponding quarter 31/3/2015	Three months to 31/3/2016	Three months to 31/3/2015
Profit attributable to the Owners of the Company (RM’000)	5,373	467	5,373	467
Weighted average number of shares (’000)	775,245	775,245	775,245	775,245
Basic earnings per share (sen)	0.69	0.06	0.69	0.06



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24 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 March 2016, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial year end 31/3/2016 RM'000	As at preceding financial year end 31/12/2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(36,651)	(41,258)
- Unrealised	(867)	36
	<hr/>	<hr/>
	(37,518)	(41,222)
Less: Consolidation adjustments	(11,104)	(12,773)
Total accumulated losses	<hr/> (48,622)	<hr/> (53,995)

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.

25 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
13 May 2016

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