



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
Revenue	47,421	22,615	74,313	44,605
Cost of sales	(28,696)	(3,891)	(36,870)	(9,044)
Gross profit	18,725	18,724	37,443	35,561
Other income	2,074	654	2,452	1,959
Expenses	(14,372)	(11,173)	(26,999)	(26,773)
Finance cost	(237)	(372)	(434)	(793)
Share of result of associate	85,341	(43)	85,341	(43)
Profit before income tax	91,531	7,790	97,803	9,911
Income tax (Note 14)	(1,755)	(1,897)	(3,347)	(2,881)
Profit for the period	89,776	5,893	94,456	7,030
Other comprehensive income/ (expense) 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	(71)	-	43	-
Total comprehensive income for the period	89,705	5,893	94,499	7,030



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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 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
Profit attributable to:				
- Owners of the Company	89,500	3,914	94,873	4,381
- Non-controlling Interests	276	1,979	(417)	2,649
Profit for the period	89,776	5,893	94,456	7,030
Total comprehensive income attributable to:				
- Owners of the Company	89,429	3,914	94,916	4,381
- Non-controlling Interests	276	1,979	(417)	2,649
Total comprehensive income for the period	89,705	5,893	94,499	7,030
Earnings per share				
- Basic	11.54 sen	0.50 sen	12.24 sen	0.57 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 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(17)	(453)	(105)	(956)
Loss on disposal of plant and equipment	3	-	3	3
Interest expense	237	372	434	793
Depreciation and amortisation	1,588	2,486	3,454	5,252
Impairment loss of receivables	1,021	127	1,116	189
Voluntary separation scheme and other related compensation cost	-	146	-	5,696
Foreign exchange loss	4	-	76	-

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 30/6/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Plant and equipment	19,633	21,250
Investment in associates	127,043	-
Other investment	5,418	4,172
Goodwill	1,636	1,636
Intangible assets	3,716	3,553
Trade and other receivables	-	985
	<hr/> 157,446	<hr/> 31,596
Current assets		
Trade and other receivables	99,754	93,657
Tax recoverable	1,572	1,916
Cash and cash equivalents	11,360	46,120
	<hr/> 112,686	<hr/> 141,693
Total assets	<hr/> 270,132	<hr/> 173,289
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	33,126	(53,995)
Translation reserves	(11)	(54)
	<hr/> 188,164	<hr/> 101,000
Non-controlling Interests	(784)	(747)
Total equity	<hr/> 187,380	<hr/> 100,253
Non-current liabilities		
Deferred tax liabilities	500	658
Borrowing- long term portion	-	1,541
	<hr/> 500	<hr/> 2,199
Current liabilities		
Borrowing – short term portion	35,118	18,495
Trade and other payables	44,846	50,733
Tax payable	2,288	1,609
	<hr/> 82,252	<hr/> 70,837
Total liabilities	<hr/> 82,752	<hr/> 73,036
Total equity and liabilities	<hr/> 270,132	<hr/> 173,289
Net assets per share attributable to Owners of the Company (RM)		
	<hr/> 0.24	<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.



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2016 RM'000	Unaudited Six months to 30/6/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	71,891	52,343
Cash payments to suppliers	(28,008)	(6,340)
Cash payments to employees and other expenses	(20,333)	(26,136)
	23,550	19,867
Cash generated from operations	23,550	19,867
Income tax paid (net)	(2,148)	(2,225)
Zakat	108	67
	21,510	17,709
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and intangible assets	(1,339)	(17,406)
Proceeds from disposal of plant and equipment	-	5
Interest received	105	956
Acquisition of investments	(37,140)	(1,377)
Deposits for acquisition of investment	(1,246)	(3,728)
Capital repayment by a subsidiary to non-controlling interest	(23,288)	-
	(62,908)	(21,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	24,330	-
Repayment of bank borrowing	(9,247)	(9,248)
Interest paid	(393)	(840)
Decrease in pledged deposits and restricted cash	3,217	1,386
Dividend paid to owners of the Company	(7,752)	-
Dividend paid by a subsidiary to non-controlling interests	(300)	-
	9,855	(8,702)
Net Change in Cash and Cash Equivalents		
	(31,543)	(12,543)
Cash and Cash Equivalents as at beginning of financial period	36,901	63,610
	5,358	51,067
Cash and Cash Equivalents as at end of financial period	(a) 5,358	51,067
	=====	=====

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

	As at 30/6/2016 RM'000	As at 30/6/2015 RM'000
Cash and deposits with licensed banks		
- Unrestricted	5,358	51,067
- Restricted	6,002	5,832
	11,360	56,899
Less: Cash and cash equivalents pledged as security	(6,002)	(5,832)
	5,358	51,067
Cash and Cash Equivalents as at end of financial period	5,358	51,067
	=====	=====

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		
Six months to 30 June 2016						
Balance as at 1 January 2016	155,049	(53,995)	(54)	101,000	(747)	100,253
Profit for the year	-	94,873	-	94,873	(417)	94,456
Effect of translation of foreign subsidiaries	-	-	43	43	-	43
Total comprehensive income for the year	-	94,873	43	94,916	(417)	94,499
Effect of acquisition of subsidiary	-	-	-	-	380	380
Dividend to Owners of the Company	-	(7,752)	-	(7,752)	-	(7,752)
Balance as at 30 June 2016	155,049	33,126	(11)	188,164	(784)	187,380
Six months to 30 June 2015						
Balance as at 1 January 2015	155,049	(68,859)	-	86,190	21,996	108,186
Profit for the year	-	4,381	-	4,381	2,649	7,030
Total comprehensive income for the year	-	4,381	-	4,381	2,649	7,030
Effect of acquisition of subsidiary	-	-	-	-	(117)	(117)
Balance as at 30 June 2015	155,049	(64,478)	-	90,571	24,528	115,099

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 Second Quarter Ended 30 June 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 30 June 2016, other than those disclosed in Note 15.

8 Dividend

The Directors do not recommend the payment of any dividend for the current year quarter ended 30 June 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 June 2016		
	Revenue RM'000	Profit/(Loss) Before Tax RM'000	Profit Attributable to Owners of the Company RM'000
Information Technology	72,123	16,577	12,785
Energy	2,190	81,226	82,088
Consolidated Total	74,313	97,803	94,873

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 June 2016 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 June 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 as at the date of this announcement.



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14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
Malaysian income tax				
- Current taxation	(1,913)	(2,462)	(3,505)	(3,412)
- Under provision in prior year	-	(101)	-	(135)
Total current tax expense	(1,913)	(2,563)	(3,505)	(3,547)
Deferred tax expenses				
- Current period	158	666	158	666
Total deferred tax expenses	158	666	158	666
	(1,755)	(1,897)	(3,347)	(2,881)

The effective tax rate of the Group for accumulative quarter (exclude the share of result after tax of associate) was higher than the statutory tax rate. The provision for the tax payable was made by the 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

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

On 18 June 2014, AmInvestment 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, AmInvestment 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.

Pursuant to the Revised Proposals, the 465,146,809 Right Shares, 98,000,000 Special Issue Share, 362,500,000 Consideration Shares and the 695,396,809 Warrants Issue pursuant to the Rights Issue, Special Issue and Acquisitions respectively, have been listed on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2016. The remaining 32,000,000 Special Issue Shares (together with corresponding 16,000,000 Warrants) pursuant to the Special Issue shall be listed at a later date.

Following completion of Proposed Acquisition, OGPC Sdn. Bhd. and OGPC O&G Sdn. Bhd. are now wholly owned subsidiaries of the Company with effective from 3 August 2016.

16 Derivatives

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

17 Classification of financial assets

For period ended 30 June 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.



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18 Material litigation

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

19 Comparison between the current quarter and the immediate preceding quarter

The Group recorded total revenue of RM47.4 million in current quarter as compared to the immediate preceding quarter of RM26.9 million. The increase in revenue was mainly driven by partial revenue recognition from the 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 (inclusive 6% GST).

The Group recorded Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") of RM8.0 million in current quarter as compared to the immediate preceding quarter of RM8.3 million.

The Group recorded a share of result of associate of RM85.3 million in current year quarter. The investment in Ping Petroleum Limited ("Ping") is accounted for in the consolidated financial statements using the equity method. The subscription in Subscription Shares in Ping had been completed by DNeX Petroleum Sdn. Bhd. ("DNeX Petroleum") on 30 June 2016. DNeX Petroleum currently holds 30% equity interest in Ping.

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

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

The Group recorded revenue of RM47.4 million in the current quarter and RM22.6 million in the preceding year corresponding quarter. The increase in revenue was mainly contributed by the progress billing to MOT on VEP&RC contract in current year quarter. The Group's Trade Facilitation business remains the main contributor to the Group's revenue.

The Group recorded a profit before tax of RM91.5 million in current year quarter as compared to the preceding year corresponding quarter of RM7.8 million. The huge jump in profit before tax was mainly attributed by Share of result of an associate company of RM85.3 million in current year quarter.

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

The Group recorded RM74.3 million in revenue for the current year-to-date as compared to the preceding year of RM44.6 million. The higher revenue of 67% in the current year-to-date was mainly due to the partial revenue recognition on VEP&RC contract in current year quarter and the growth in the Group's B2G business.

The Group recorded an EBITDA of RM16.4 million in current year-to-date compared to RM16.0 million in the preceding year.

The current year-to-date profit before tax of RM97.8 million was mainly contributed by the Group's 30% owned associate company, Ping.

21 Prospects for 2016

The completion of Ping Subscription had resulted a significant improvement in Group net assets value; and with OGPC Group acquisition of which was completed on 3 August 2016 will further enhance DNeX's shareholders' value for the financial year ending 31 December 2016.

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 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.



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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 30/6/2016	Preceding year corresponding quarter 30/6/2015	Six months to 30/6/2016	Six months to 30/6/2015
Profit attributable to the Owners of the Company (RM'000)	89,500	3,914	94,873	4,381
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings per share (sen)	11.54	0.50	12.24	0.57

24 Breakdown of realised and unrealised profits or losses

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

	As at end of current financial year end 30/6/2016 RM'000	As at preceding financial year end 31/12/2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	44,986	(41,258)
- Unrealised	500	36
	<u>45,486</u>	<u>(41,222)</u>
Less: Consolidation adjustments	(12,360)	(12,773)
Total accumulated losses	<u>33,126</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.

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
16 August 2016

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