



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

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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 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Revenue	87,340	107,850	290,486	293,452
Cost of sales	(56,716)	(69,550)	(172,570)	(154,033)
Gross profit	30,624	38,300	117,916	139,419
Other income	(255)	-	4,785	10,239
Expenses	(18,985)	(25,582)	(88,887)	(101,890)
Finance cost	(1,702)	(627)	(4,485)	(3,128)
Share of result of associates, net of tax	(2,624)	31	18,258	22,007
Profit before income tax	7,058	12,122	47,587	66,647
Income tax (Note 14)	(6,303)	(7,931)	(11,639)	(14,350)
Zakat	(447)	(402)	(451)	(405)
Profit for the period	308	3,789	35,497	51,892
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	(90)	(7)	(25)	92
Share of other comprehensive income of associate	(5,040)	(347)	(2,443)	3,867
Fair value change in other investment	-	(513)	-	(734)
Other comprehensive income for the period, net of tax	(5,130)	(867)	(2,468)	3,225
Total comprehensive income for the period	(4,822)	2,922	33,029	55,117



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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 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Profit attributable to:				
- Owners of the Company	(3,756)	301	30,008	35,345
- Non-controlling Interests	4,064	3,488	5,489	16,547
Profit for the period	308	3,789	35,497	51,892
Total comprehensive income attributable to:				
- Owners of the Company	(8,886)	(566)	27,540	38,570
- Non-controlling Interests	4,064	3,488	5,489	16,547
Total comprehensive income for the period	(4,822)	2,922	33,029	55,117
Earnings per share				
- Basic	(0.21) sen	0.02 sen	1.71 sen	2.01 sen
- Diluted	(0.21) sen	0.02 sen	1.69 sen	1.99 sen

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(104)	(46)	(238)	(562)
Loss/(Gain) on disposal of property, plant and equipment	-	40	(83)	(3,315)
Loss/(Gain) on disposal of other investments	320	-	(144)	(1,815)
Interest expense	1,702	627	4,485	3,128
Depreciation and amortization	7,897	4,483	21,554	17,431
Allowance for impairment loss	1,121	649	1,390	1,698
Foreign exchange loss	392	17	38	150
Impairment of goodwill	-	3,600	-	3,600

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 2018.

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,299	68,190
Right-of-use assets	5,356	-
Investment in associates	216,114	200,907
Other investments	3,538	4,633
Goodwill	60,220	60,220
Intangible assets	41,921	41,933
Deferred tax assets	2,306	226
	<u>397,754</u>	<u>376,109</u>
Current assets		
Inventories	1,316	3,021
Contract assets	81,778	76,935
Trade and other receivables	90,851	129,475
Current tax assets	1,430	3,530
Cash and cash equivalents	54,399	38,998
	<u>229,774</u>	<u>251,959</u>
Total assets	<u>627,528</u>	<u>628,068</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	354,339	354,322
Warrant reserve	5,691	5,691
Share Option reserve	827	831
Translation reserve	(4,696)	(2,264)
Fair value reserve	(734)	(734)
Retained earnings	113,837	96,750
	<u>469,264</u>	<u>454,596</u>
Non-controlling Interests	<u>(3,898)</u>	<u>(13,086)</u>
Total equity	<u>465,366</u>	<u>441,510</u>
Non-current liabilities		
Loan and borrowings (secured)	18,854	17,964
Lease liabilities	2,914	-
Deferred tax liabilities	7,672	7,524
	<u>29,440</u>	<u>25,488</u>
Current liabilities		
Trade and other payables	79,760	125,028
Loan and borrowings (secured)	47,415	29,611
Lease liabilities	2,913	-
Current tax liabilities	2,634	6,431
	<u>132,722</u>	<u>161,070</u>
Total liabilities	<u>162,162</u>	<u>186,558</u>
Total equity and liabilities	<u>627,528</u>	<u>628,068</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.27</u>	<u>0.25</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Twelve months to 31/12/2019 RM'000	Audited Twelve months to 31/12/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received from investees	693	627
Cash receipts from customers	320,787	295,420
Cash payments to suppliers	(190,363)	(129,683)
Cash payments to employees and other expenses	(106,977)	(107,043)
	24,140	59,321
Cash generated from operations	24,140	59,321
Income tax paid (net)	(15,461)	(18,659)
Zakat	(462)	(336)
	8,217	40,326
Net cash generated from operating activities	8,217	40,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(10,784)	(22,321)
Proceeds from disposal of property, plant and equipment	12,776	1,361
Interest received	238	562
Acquisition of investments	(83)	-
Acquisition of subsidiaries	-	(3,564)
	2,147	(23,962)
Net cash generated from/(used in) investing activities	2,147	(23,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share options exercised	13	653
Proceeds from issuance of ordinary shares	196	-
Drawdown/(Repayment) of bank borrowings (net)	15,507	(33,763)
Dividend paid to owners of the Company	(8,790)	-
Dividend paid by a subsidiary to non-controlling interests	(980)	-
Payment of finance cost	(4,385)	(3,128)
Payment of lease liabilities	(213)	-
Increase in pledged deposits and restricted cash	(3,990)	(5,149)
	(2,642)	(41,387)
Net cash used in financing activities	(2,642)	(41,387)
Net Change in Cash and Cash Equivalents	7,722	(25,023)
Cash and Cash Equivalents as at beginning of financial year	19,670	44,693
	27,392	19,670
Cash and Cash Equivalents as at end of financial year	(a) 27,392	19,670
	=====	=====

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Cash and deposits with licensed banks		
- Unrestricted	38,119	26,708
- Restricted and pledged	16,280	12,290
	54,399	38,998
Less : Cash and cash equivalents pledged as security	(16,280)	(12,290)
Less : Bank overdrafts	(10,727)	(7,037)
	27,392	19,671
Cash and Cash Equivalents as at end of financial year	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Share Option reserve	Translation reserve	Fair value reserve	Retained earnings			
Twelve months to 31 December 2019									
Balance as at 1 January 2019	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510
Adjustment on initial application of MFRS 16, net of tax	-	-	-	-	-	(115)	(115)	-	(115)
Balance as at 1 January 2019, restated	354,322	5,691	831	(2,264)	(734)	96,635	454,481	(13,086)	441,395
Profit for the year	-	-	-	-	-	30,008	30,008	5,489	35,497
Foreign currency translation differences for foreign operations	-	-	-	(25)	-	-	(25)	-	(25)
Share of other comprehensive income of associates	-	-	-	(2,443)	-	-	(2,443)	-	(2,443)
Total comprehensive income for the year	-	-	-	(2,468)	-	30,008	27,540	5,489	33,029
Contribution by and distribution to owners of the Company									
- Effect on issue of shares of subsidiaries	-	-	-	-	-	(1,735)	(1,735)	2,434	699
- Share options exercised	17	-	(4)	-	-	-	13	-	13
- Dividends to owners of the Company	-	-	-	-	-	(8,790)	(8,790)	-	(8,790)
- Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	(980)	(980)
	17	-	(4)	-	-	(10,525)	(10,512)	1,454	(9,058)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	36	-	(2,281)	(2,245)	2,245	-
Total transaction with owners of the Company	17	-	(4)	36	-	(12,806)	(12,757)	3,699	(9,058)
Balance as at 31 December 2019	354,339	5,691	827	(4,696)	(734)	113,837	469,264	(3,898)	465,366

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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (CONT'D)

In RM'000	← Attributable to Owners of the Company →						Total	Non-controlling interests	Total equity
	Share Capital	Warrant reserve	Non-distributable			Retained earnings			
	Share Option reserve	Translation reserve	Fair value reserve						
Twelve months to 31 December 2018									
Balance as at 1 January 2018	353,502	5,691	998	(6,150)	-	72,864	426,905	(2,548)	424,357
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	-	(4,273)	(4,273)	-	(4,273)
At 1 January 2018, restated	353,502	5,691	998	(6,150)	-	68,591	422,632	(2,548)	420,084
Profit for the year	-	-	-	-	-	35,345	35,345	16,547	51,892
Foreign currency translation differences for foreign Operations	-	-	-	92	-	-	92	-	92
Share of other comprehensive income of associates	-	-	-	3,867	-	-	3,867	-	3,867
Fair value change in other investment	-	-	-	-	(734)	-	(734)	-	(734)
Total comprehensive income for the period	-	-	-	3,959	(734)	35,345	38,570	16,547	55,117
Contribution by and distribution to owners of the Company									
- Effect of acquisition of subsidiary	-	-	-	-	-	-	-	(29,844)	(29,844)
- Effect of disposal of subsidiary	-	-	-	(73)	-	-	(73)	2,263	2,190
- Share options exercised	820	-	(167)	-	-	-	653	-	653
Total transaction with owners of the Company	820	-	(167)	(73)	-	-	580	(27,581)	(27,001)
Changes in a subsidiary's ownership interests that do not Results in loss of control	-	-	-	-	-	(7,186)	(7,186)	496	(6,690)
	820	-	(167)	(73)	-	(7,186)	(6,606)	(27,085)	(33,691)
Balance as at 31 December 2018	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510

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 2018.



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V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2019, 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 2018.

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") for the financial year on or after from 1 January 2019:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation Classification

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the Group's financial statements.

3 Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 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 year ended 31 December 2019.

8 Dividend

The Company paid a final dividend of 0.5 sen net per ordinary share amounting to RM8,790,178.76 in respect of the financial year ended 31 December 2018 on 31 July 2019.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019.

9 Segmental information for the current year

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

Business segment	Information Technology	Energy	Corporate	Eliminations	Consolidated
2019	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments					
Revenue from external Customers	230,343	60,143	-	-	290,486
Inter-segment revenue	3,225	-	6,078	(9,303)	-
Total revenue	233,568	60,143	6,078	(9,303)	290,486
Segment result					
Profit from operations	43,951	8,977	2,202	-	55,130
Depreciation & amortization	(8,705)	(12,758)	(91)	-	(21,554)
Finance costs	(2,800)	(104)	(1,581)	-	(4,485)
Finance income	208	29	1	-	238
Share of results in associates, net of tax	8	18,250	-	-	18,258
Profit before tax	32,662	14,394	531	-	47,587
Tax expense					(11,639)
Zakat					(451)
Net profit after tax					35,497
Attributable to:					
Owners of the Company					30,008
Non-controlling interests					5,489
Profit for the year					35,497
Segment assets	377,568	383,912	349,465	(483,417)	627,528
Segment liabilities	261,037	37,567	35,792	(172,234)	162,162



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10 Material events subsequent to the current year

In the opinion of the Directors, there are no items, transactions or events of material and unusual nature which have arisen since 31 December 2019 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 2019.

11 Changes in the composition of the Group

There are no significant changes in the composition of the Group for the current year 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, other than disclosed below:

On 10 July 2018, Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), a wholly-owned subsidiary of the Company received a notice of proposed decision ("Proposed Decision") from the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 [Act 712] (the "Act"). The Proposed Decision by MyCC is pursuant to the investigation on alleged infringement by Dagang Net of one of the prohibitions under Part 1 of the Act. MyCC issued the Proposed Decision under Section 36 of the Act against Dagang Net for engaging in conduct which amounts to an abuse of its dominant position in breach of Section 10(1) read with Section 10(2)(c) and Section 10(3) of the Act. In its Proposed Decision, MyCC proposed to impose a financial penalty of RM17,397,695.30 and remedial action by Dagang Net.

The oral representations were heard before a panel appointed by MyCC on 16 January 2019, 25 April 2019, and 29 July 2019.

13 Capital commitments

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

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Malaysian income tax				
- Current taxation	(6,786)	(7,042)	(15,414)	(14,524)
- Over/(Under) provision in prior year	-	(943)	1,843	(1,751)
Total current tax expense	(6,786)	(7,985)	(13,571)	(16,275)
Deferred tax expenses				
- Current period	483	54	1,932	1,925
Total deferred tax expenses	483	54	1,932	1,925
	(6,303)	(7,931)	(11,639)	(14,350)

The effective tax rate of the Group for current year taxation (exclude the share of result of associate) was higher than the statutory tax rate (24%). The provision for tax payable was made by profitable subsidiary companies and certain expenses of the Group were disallowed for tax purpose.

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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, other than those disclosed below: -

The Company had on 23 December 2019 entered into a share swap agreement with EC-Council Global Services Sdn Bhd (“ECCGS”), EC-Council International Limited and DNeX Technology Sdn Bhd (“the Agreement”).

Pursuant to the Agreement, the Company shall transfer its total issued shares in capital of DNeX Technology Sdn Bhd to ECCGS against the issue of new shares in the capital of ECCGS such that the Company shall hold 15% of all the issued shares in the capital of ECCGS upon the completion of the transaction.

16 Derivatives

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

17 Classification of financial assets

For year ended 31 December 2019, 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 material litigation as at the date of this announcement.

19 Comparison between the current quarter and the immediate preceding quarter

	Current year quarter 31/12/2019 RM'000	Immediate preceding quarter 30/9/2019 RM'000	Variance %
Revenue	87,340	61,999	+40.9
- Information Technology (“IT”)	68,868	45,075	+52.8
- Energy	18,472	16,924	+9.1
Profit before tax (“PBT”)	7,058	9,462	-25.4
Information Technology (“IT”)	9,071	3,558	>+100.0
Energy	(3,746)	6,785	>-100.0
Corporate, net of elimination	1,733	(881)	>+100.0

Revenue

The Group experienced strong comeback in ICT infrastructure and solutions contracts, mostly from the Public sector in second half of 2019. Higher revenue by 40.9% or RM25.3 million was reported in current quarter as compared to immediate preceding quarter.

System Integration & Consultancy business reported higher revenue in current quarter of RM44.2 million (Q3, 2019: RM21.5 million;). The higher revenue in current quarter was mainly contributed by:

- Partial recognition of revenue from Lembaga Hasil Dalam Negeri Malaysia (“LHDN”) on reengineering works for LHDN self-assessment system (RM3.8 million);



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- Progress billing for consecutive five (5) months for work done in Integrated Government Finance & Management System (“iGFMAS”) maintenance contract amounting to RM20 million in current quarter (RM4 million for Q3’2019). A subsidiary of the Company had accepted the extension of iGFMAS maintenance contract on 1st October 2019. The contract extension is for a period of one (1) year commencing from 10 August 2019 until 9 August 2020;
- Partial progress billing amounting to RM7.2 million for work done in:
 - Statistics Data Warehouse Project for Jabatan Perangkaan Malaysia; and
 - big data analytics project for Kementerian Air Tanah dan Sumber Air.

The Group’s trade facilitation & e-Commerce unit remain strong with a sustainable revenue of RM23.7 million in current quarter (Q3, 2019: RM23.6 million).

The Group’s Energy division shows 9.1% increase in revenue, mainly contributed by its retail downstream PETRONAS’s Outdoors Payment Terminals Project (“OPTs”). However, Drilling & Oilfield services continue to experience significant competitive pressure due to the industry’s slow recovery in oil & gas activities.

Profit Before Tax (“PBT”)

The Group recorded higher PBT by RM5.5 million in current quarter for the Group’s IT segment in line with higher revenue from System Integration & Consultancy business.

However, the overall performance by Energy segment in the current quarter was affected by the negative contribution of RM2.6 million from share of results in its associates. The current quarter results from the associates include an under-provision of deferred tax liability in relation to tax allowance and higher cost of production in the current quarter.

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

(a) Quarter ended 31 December 2019 compared with quarter ended 31 December 2018

	Current year quarter 31/12/2019 RM’000	Preceding year corresponding quarter 31/12/2018 RM’000	Variance %
Revenue	87,340	107,850	-19.0
- Information Technology (“IT”)	68,868	90,848	-24.2
- Energy	18,472	17,002	+8.6

The Group recorded lower quarter-to-quarter revenue of 24% or RM22.0 million in IT segment, mainly due to:

- Successful completion of one-off contract on submarine cable installation and repair project in Indonesia (Q4, 2019: RM2.6 million; Q4, 2018: RM16.2 million). Currently, the Group actively exploring opportunities to secure long-term contract opportunities in Indonesia.
- Lower progress billing in the Group’s system integrator business of RM7.2 million as compared to preceding year corresponding quarter of RM13.0 million.

The Group’s Energy division shows 8.6% or RM1.5 million increase in its revenue, mainly contributed by Trading & Services due to the improved orderbook.



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	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Variance %
Profit before tax ("PBT")	7,058	12,122	-41.8
- Information Technology ("IT")	9,071	13,512	-32.9
- Energy	(3,746)	(103)	>-100
- Corporate, net of elimination	1,733	(1,287)	>+100

The Group's IT PBT of 32% (RM4.4 million) in current quarter was affected by:

- successful completion of one-off contract in submarine cable installation and repair project in Indonesia; and lower progress billing in the Group's system integrator business; and
- higher losses in the Group's halal business of RM4.2 million (loss of RM1.5 million in Q4, 2018)

However, the Trade facilitation business remains strong with improved PBT of 9% (Q4, 2019: RM7.3 million; Q4, 2018: RM6.7 million).

The Group's Energy segment recorded a loss before tax of RM3.746 million for the current year quarter as compared to preceding year corresponding quarter. The breakdown by business segment is detailed as follows:

	Current year quarter 31/12/2019 RM'mil	Preceding year corresponding quarter 31/12/2018 RM'mil
Trading & Services	2.6	3.4
Drilling Technology & Oilfield Services	(1.6)	(0.7)
Upstream Exploration & Production	(2.6)	-
Power	-	(0.2)
Sub Total	(1.6)	2.5
Amortization of Intangible assets arising from consolidation	(2.1)	(2.6)
Profit before tax ("PBT")	(3.7)	(0.1)

(b) Year-to-date ended 31 December 2019 compared with year-to-date ended 31 December 2018

	Twelve months to 31/12/2019		Twelve months to 31/12/2018		Variance %
	RM'000	%	RM'000	%	
Revenue	290,486		293,452		-1.0
- Information Technology ("IT")	230,343	79	241,536	82	-4.6
- Energy	60,143	21	51,916	18	+15.8



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The Group recorded a marginal decline in revenue of RM2.96 million or 1% in the current year-to-date as compared to the preceding year mainly due to:

- work done on submarine cable installation and repair project in Indonesia in current year of RM19.8 million (RM25.3 million in 2018).
- Lower progress billings in the Group's system integrator business of RM10.3 million as compared to RM15.4 million in 2018; and
- Lesser revenue for the "Road charge (RC) & Vehicle Entry Permit (VEP)" contract by RM6.3 million.

However, the overall reduction in Group's revenue was partially set-off by the Road to Makkah project, an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims project totaling RM4.7 million in 2019.

The Group's Energy division shows a 15.8% (RM8.2 million) increase in its revenue, mainly contributed by its newly secured contracts totaling RM6.3 million, mainly from the retail downstream PETRONAS's Outdoors Payment Terminals Project ("OPTs") of RM3.0 million, maintenance and piping works of RM3.3 million.

	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000	Variance %
Profit before tax ("PBT")	47,587	66,647	-28.6
- Information Technology ("IT")	32,662	52,594	-37.9
- Energy	14,394	14,329	0.5
- Corporate, net of elimination	531	(276)	>+100

Included in the Group's PBT for the financial year ended 31 December 2018 was a post-acquisition PBT of RM25.8 million (RM11.5 million in 2019) resulted from full consolidation of Genaxis Group Sdn. Bhd. and its subsidiary company Innovation Associates Consulting Sdn. Bhd. ("Genaxis Group").

The Group's IT (excluding Genaxis Group) shows a reduction in PBT RM 5.7 million for the financial year ended 31 December 2019. The decrease mainly due to:

- Overall decrease in gross profit margin of 7%, (41% in 2019 as compared 48% in 2018), and
- higher losses in the Group's halal business of RM7.8 million (loss of RM4.3 million in 2018)

The breakdown of the Group's Energy segment by service is detailed as follows:

	Twelve months to 31/12/2019 RM'mil	Twelve months to 31/12/2018 RM'mil
Trading & Services	9.2	7.8
Drilling & Oilfield Services	(4.4)	(2.1)
Upstream Exploration & Production	18.2	22.0
Power	-	(1.7)
Sub Total	23.0	26.0
Amortization of Intangible assets arising from consolidation	(8.6)	(8.1)
Impairment of goodwill on consolidation	-	(3.6)
Profit before tax ("PBT")	14.4	14.3



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21 Prospects for 2020

The Group plans to continue growth by exploring opportunities that would add value to the existing building blocks available within domestic and ASEAN markets focusing on the implementation of planned new initiatives targeted to develop sustainable revenue lines

Barring any unforeseen circumstances, the Group expects to deliver positive results for the year 2020.

22 Variance for actual and forecast profit

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

23 Earnings per share

Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 '000	Preceding year corresponding quarter 31/12/2018 '000	Twelve months to 31/12/2019 '000	Twelve months to 31/12/2018 '000
Profit attributable to the Owners of the Company (RM)	(3,756)	301	30,008	35,345
Number of ordinary shares at beginning of the period	1,758,035	1,757,818	1,758,035	1,755,372
- Effect of shares issue pursuant to exercise of ESOS	25	151	6	1,954
Weighted average number of ordinary shares	1,758,060	1,757,969	1,758,041	1,757,326
Basic earnings per share (sen)	(0.21)	0.02	1.71	2.01

Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 '000	Preceding year corresponding quarter 31/12/2018 '000	Twelve months to 31/12/2019 '000	Twelve months to 31/12/2018 '000
Profit attributable to the Owners of the Company (RM)	(3,756)	301	30,008	35,345
Weighted average number of ordinary shares as per basic earnings per share	1,758,060	1,757,969	1,758,042	1,757,326
Effect of potential exercise of ESOS	11,528	14,544	12,386	14,863
Weighted average number of ordinary shares	1,769,588	1,772,513	1,770,428	1,772,189
Diluted earnings per share (sen)	(0.21)	0.02	1.69	1.99

The exercise of Warrants has been ignored in the calculation of dilutive earnings per ordinary share, as the exercise price is higher than the average market price of the Company's ordinary shares during the current financial year.



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24 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
25 February 2020

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