# eXCEPTIONAL 2014

ANNUAL REPORT

DNeX

DAGANG NeXCHANGE BERHAD

# eX EMPLARY

Driving exceptional results
with a breadth of experience,
depth in expertise and the
passion to exceed expectations.

# 45TH ANNUAL GENERAL MEETING

Wednesday, 24 June 2015 at 10.00 a.m.
Shah Alam 2 Ballroom, Ground Floor
Shah Alam Convention Centre
No. 4, Jalan Perbadanan 14/9, 40000 Selangor

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Abd Rahman Mamat**
Chairman/
Independent Non-Executive Director

**Datuk Samsul Husin**
Executive Deputy Chairman

**Dato' Wong Kam Yin**
Executive Director

**Rosli Abdullah**
Independent Non-Executive Director

**Norlila Hassan**
Independent Non-Executive Director

**Dato' Arif Ambrose Leonard Ng**
Independent Non-Executive Director

**Satria Ahmad**
Independent Non-Executive Director
*(appointed on 5 June 2014)*

**Zainal 'Abidin Abd Jalil**
Group Managing Director
*(appointed on 19 June 2014)*

**Ang Hsin Hsien** *
Non-Independent Non-Executive Director

*Note: * A nominee of Censof Holdings Berhad*

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Rosli Abdullah**
T : (03) 2730 0300
F : (03) 2713 3131
E : rosli.abdullah@dnex.com.my

### BOARD COMMITTEES

#### AUDIT COMMITTEE

**Rosli Abdullah**
Chairman/
Independent Non-Executive Director

**Norlila Hassan**
Independent Non-Executive Director

**Ang Hsin Hsien**
Non-Independent Non-Executive Director

#### NOMINATION AND REMUNERATION COMMITTEE

**Norlila Hassan**
Chairperson/
Independent Non-Executive Director

**Rosli Abdullah**
Independent Non-Executive Director

**Satria Ahmad**
Independent Non-Executive Director
*(appointed on 4 July 2014)*

#### BOARD PROCUREMENT AND TENDER COMMITTEE

**Datuk Samsul Husin**
Executive Deputy Chairman

**Ang Hsin Hsien**
Non-Independent Non-Executive Director

**Satria Ahmad**
Independent Non-Executive Director
*(appointed on 4 July 2014)*

### COMPANY SECRETARY

**Keh Ching Tyng**
MAICSA 7050134

T : (03) 2730 0300 / 2730 0433
F : (03) 2713 3131
E : ching.tyng.keh@dnex.com.my

### REGISTERED OFFICE & HEAD OFFICE

Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

## AUDITORS

**MESSRS CROWE HORWATH (AF1018)**
(Chartered Accountants)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
T : (03) 2788 9999
F : (03) 2788 9998

## SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
T : (03) 2692 4271
F : (03) 2732 5388 / 2732 5399

## STOCK EXCHANGE LISTING

**Main Market of the**
**Bursa Malaysia Securities Berhad**
**[Listed since 12 September 1983]**

Stock Name : DNEX
Stock Code : 4456
Sector : Technology

## PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Muamalat Malaysia Berhad
Bank Kerjasama Rakyat Malaysia Berhad
CIMB Bank Berhad
Public Bank Berhad
Malayan Banking Berhad

## HEAD OFFICE OF SUBSIDIARIES

**Dagang Net Technologies Sdn Bhd**
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0200
F : (03) 2713 2121
E : info@dagangnet.com
W : www.dagangnet.com
Careline : 1300 133 133 or
careline@dagangnet.com

**DNeX Hallmark e-Commerce Sdn Bhd**
*(formerly known as Nation Hallmark Sdn Bhd)*
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

**DNeX Petroleum Sdn. Bhd.**
*(formerly known as Sterling Marque Sdn. Bhd.)*
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
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E : info@dnex.com.my
W : www.dnex.com.my

**DNeX Oilfield Services Sdn. Bhd.**
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

**DNeX Technology Sdn. Bhd.**
*(formerly known as TEB Quantum Technology Sdn Bhd)*
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

**DNeX Solutions Sdn. Bhd.**
*(formerly known as TEB Systems Integrators Sdn Bhd)*
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

**DNeX RFID Sdn. Bhd.**
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
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F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

**Forward Energy Sdn Bhd**
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

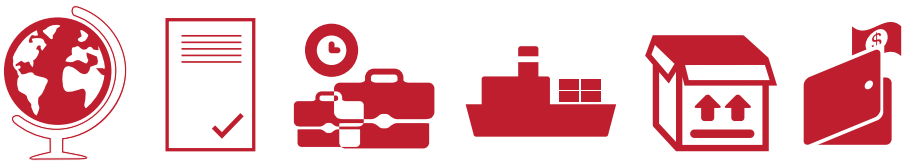
# CORPORATE PROFILE

# AT DNeX, CUSTOMERS IS OUR FOCUS

Working on things that matter the most. Exploring innovation and bringing the best services to our market, leveraging on our expertise and experience in developing and delivering technological solutions.

# FACILITATING TRADE

DNeX is Malaysia's leading e-commerce service provider, and a pioneer in initiatives aimed at creating paper-less, electronic Customs-related services to ease the facilitation and streamlining of international trading processes for the import and export, trade and logistics industries.



## NATIONAL SINGLE WINDOW

ePCO, ePermit, ePermit STA, eManifest, eDeclare and ePayment are services offered via Malaysia's National Single Window for Trade Facilitation that subsidiary company, Dagang Net Technologies Sdn Bhd was entrusted by the Government of Malaysia to plan, design, implement and operate since the last 20 years.

Make Business Flow
myTrade2Cash.com™

## myTrade2Cash.com™

Connecting exporters and financial institutions electronically, and improving SMEs' access to trade finance via a single window platform with simplified application process for trade financing, and is aimed to speed Malaysian exporters' access to cash/working capital.

myCargo2U

## myCargo2U

Empowering logistics players with a GST-ready comprehensive software to manage cargo and trade documentation efficiently. An integrated solution that enables users save time and skip unnecessary duplication of data entry efforts and simplifies trade documentation submissions to the relevant authorities and regulators, as well as make tracking and tracing of cargo and its documentations easy, with just a few clicks.

Global Halal Exchange

## GLOBAL HALAL EXCHANGE

Making Halal accessible to all, globalhalalexchange.com serves as an electronic B2B marketplace connecting traders within the Halal industry across the world and facilitates buyer-seller transactions for Halal goods and services.

# CORPORATE PROFILE

*(continued)*

### IT CONSULTING

Providing expertise in the management of large IT projects, specifically to advise clients on computing and networking solutions, developing maintenance and application services for large and nationwide IT rollouts. Advising and delivering project management services within the full spectrum of an IT assignment, from design and build right through to installation and commissioning, to enhance organisational productivity and operational efficiency.

### DATA ANALYTICS

Learning from data with a proprietary engine; analysing and integrating essential information to provide clients deeper insights and a holistic overview of what their customers and stakeholders really want and need, what they like and dislike. The intelligence on disparate data ultimately gives clients the ability to make tough business decisions – tap on sales leads, sentiment and market opportunities, manage reputation crisis, execute strategy and define key performance indicators.

FORTRESS®
Enterprise Security. Simplified.®

### CYBERSECURITY

Helping businesses build reliable yet resilient security defence for optimised cost and operational efficiency with a comprehensive suite of enterprise security solution that is dedicated to protecting clients' information assets safe, addressing their security concerns 24 hours a day, 365 days a year.

## HUMANISING TECHNOLOGY

With a cumulative experience spanning more than a decade, DNeX goes beyond technology to enable our customers conduct their business and operations in the best way possible.

# ENERGISING THE FUTURE

DNeX business diversification into the energy business through strategic acquisitions and long term partnerships. With a know-how heavy and asset light strategy, we work on integrating and developing a commercially sustainable energy business.

## UPSTREAM OIL & GAS

With a combination of proven commercial expertise and effective partnerships, as well as a strong commitment to maximise shareholder value, we employ our expertise to own strategic production assets in chosen fiscal transparent locations. On the back of this, we emulate a strong maintenance culture and continuous improvement to extend the life cycle of our asset as part of optimising our return on investments.

## POWER

Design, build and operate captive market power plants in a safe and reliable manner. DNeX also strives to build and manage renewable power plants and key infrastructures for energy supply in an environmentally friendly way.

## OIL & GAS SERVICES

Providing integrated solutions to our clients is our main objective. DNeX brings high quality of expertise, fit for purpose and cost-effective solutions. We are part of the critical value chain for oilfield services leveraging on niche technology with local competency. We aspire to be the chosen and preferred service provider in the industry regionally.

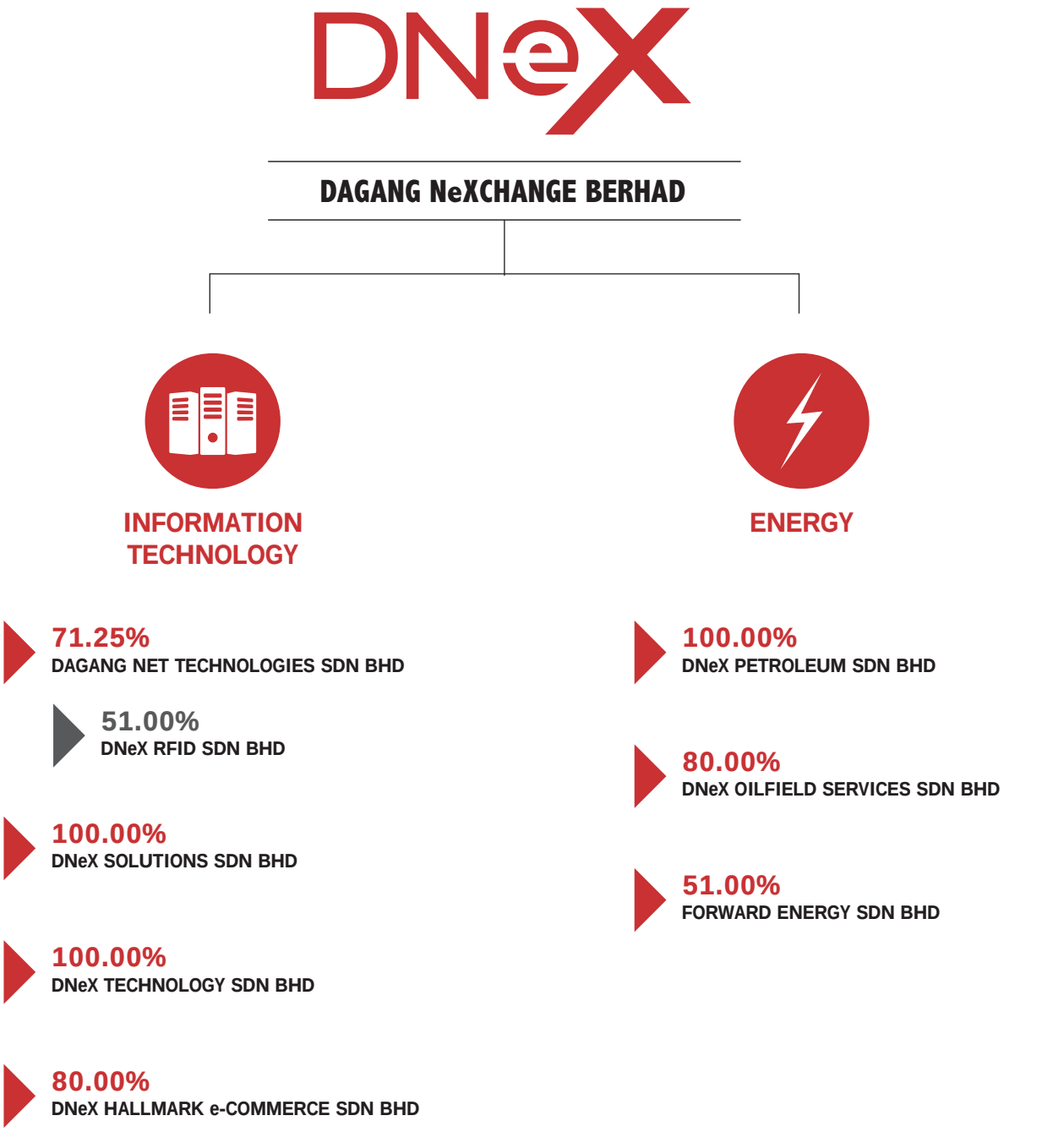
# MAKING A DIFFERENCE

DNeX places great emphasis on its collective strength, both as an organisation and on an individual basis.

In making things happen, the people at DNeX are committed to **Creativity**, engaging the imagination to create and develop ideas beneficial to our customers, our people, and our communities; **Enterprising** to develop solutions to archieve customers' business efficiency; **Endurance**, to excel by embracing a performance culture that builds our market, our people and shareholder value; and **Diversity**, a merit-based organisation that maintains its competitive edge via an avant-garde approach through learning, inclusiveness and change.

# CORPORATE STRUCTURE

*As at 6 May 2015*



# BOARD OF DIRECTORS

**TAN SRI ABD RAHMAN MAMAT**
Chairman/Independent
Non-Executive Director

**DATUK SAMSUL HUSIN**
Executive Deputy Chairman

**DATO' WONG KAM YIN**
Executive Director

**ZAINAL 'ABIDIN ABD JALIL**
Group Managing Director

**DATO' ARIF AMBROSE LEONARD NG**
Independent
Non-Executive Director

**ANG HSIN HSIEN**
Non-Independent
Non-Executive Director

**ROSLI ABDULLAH**
Senior Independent
Non-Executive Director

**NORLILA HASSAN**
Independent
Non-Executive Director

**SATRIA AHMAD**
Independent
Non-Executive Director

# PROFILE OF THE BOARD OF DIRECTORS

**TAN SRI ABD RAHMAN MAMAT**
*Chairman/Independent Non-Executive Director*

Tan Sri Abd Rahman Mamat, aged 62, Malaysian, was appointed as the Chairman of the Company on 16 December 2013 following his appointment as an Independent Non-Executive Director on 12 December 2013.

He graduated with a Bachelor of Economics (Honours) from Universiti Malaya, Malaysia and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America.

He was previously Secretary-General of the Ministry of International Trade and Industry (MITI) a position which he served from September 2006 until his retirement in December 2010. Tan Sri Abd Rahman joined MITI as an Assistant Director on 18 April 1975 and served in various capacities in the ministry for 35 years which included Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; Special Assistant to Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); Director of Industries; Senior Director, Policy and Industry Services Division; and Deputy Secretary-General (Industry).

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation Malaysia (SME Corp) and Chairman of MATRADE.

Tan Sri Abd Rahman has represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and strategies on international trade and industrial as well as entrepreneurship development. He was an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

He also sits on Boards of various companies and organisations including serving as Chairman of Asia Logistics Council Sdn Bhd, Hiap Teck Venture Berhad, River of Life Hospital Sdn Bhd, Eastern Integrated Steel Mill Sdn Bhd, BioAlpha Holdings Bhd, and Ocean Might Sdn Bhd, as well as Executive Chairman of Broadgate Engineering Sdn Bhd, and Director of Parkson Holdings Berhad and Malaysian Technology Development Corporation Sdn Bhd. He involves in two (2) US-based non-governmental organisations (NGOs) namely International Council for SMEs and Entrepreneurship (ICSMEE) and ENACTUS, Malaysia.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Tan Sri Abd Rahman attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

**DATUK SAMSUL HUSIN**
*Executive Deputy Chairman*

Datuk Samsul Husin, aged 52, Malaysian, was appointed as a Non-Independent Non-Executive Director of the Company on 12 November 2013.

He was named Acting Group Managing Director/Group Chief Executive Officer on 28 November 2013 and thereafter redesignated and appointed as Executive Deputy Chairman effective 16 December 2013. He is also member of the Board Procurement and Tender Committee of the Company.

Datuk Samsul graduated with a Bachelor of Accounting from Universiti Kebangsaan Malaysia and is a Chartered Accountant and Certified Financial Planner. He has more than 20 years of experience in accounting and ICT, specialising in financial systems, system planning and designing. He started his career in 1986 with Selangor State Secretary Housing Division. Thereafter, he joined Malaysian Entrepreneur Development Centre (MEDEC), Universiti Teknologi MARA (UiTM) as a lecturer.

In 1987, Datuk Samsul joined the Accountant General's office and held various positions and spearheaded projects such as the enforcement of accounting procedures to the designing of new systems for the enhancement of existing financial management reporting. He then joined the private sector to hold positions in financial-cum-portfolio management arena before joining Century Software (Malaysia) Sdn Bhd, a wholly owned subsidiary of Censof Holdings Berhad. Datuk Samsul sits on the Board of Censof Holdings Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Datuk Samsul attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

# PROFILE OF THE BOARD OF DIRECTORS

*(continued)*

**ZAINAL 'ABIDIN ABD JALIL**
*Group Managing Director*

Zainal 'Abidin Abd Jalil, aged 56, Malaysian, is the Group Managing Director of the Company effective 19 June 2014. He is an accomplished industry leader with a wealth of experience in managing businesses and operations in high-technology and capital-intensive upstream oil and gas industry, and power generation utilities.

Zainal graduated with a BE Civil Engineering from University of Queensland, Australia. He has demonstrated significant leadership experience in deepwater operations including floating production, storage and offloading units (FPSOs) and sub-sea wells, and joint–venture management with strong partner relation experience with global players in the oil and gas sector. He also has in depth knowledge of major hydrocarbon producing areas in West Africa, North America and Asia Pacific in addition to leadership experience overseeing power business in the Middle East, North Africa, South East Asia and Australia.

Serving as Chief Executive Officer of Malakoff Corporation Berhad, Zainal successfully spearheaded the company's transformation into a leading international Independent Water and Power Producer (IWPP) with core businesses in power generation, water desalination and operations & maintenance services. Prior to Malakoff, Zainal had a long career at ExxonMobil spanning 28 years in various managerial and leadership capacities at the multinational company's business units and operations worldwide.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Zainal attended three (3) Board Meetings held during the financial year ended 31 December 2014 since his appointment on 19 June 2014.

**DATO' WONG KAM YIN**
*Executive Director*

Dato' Wong Kam Yin, aged 46, Malaysian, was appointed as an Executive Director of Dagang NeXchange Berhad on 12 December 2013. He graduated from Monash University, Melbourne, Australia with a Bachelor of Economics (Accounting and Computer Science).

He started his career with Arthur Andersen Tax Services, an international accounting firm in the area of taxation before moving on to investment banking and securities, where he served as Investment Analyst.

In 2002, seeing vast opportunities in the IT industry, he ventured into the business by becoming a Technopreneur and eventually via a merger, got his company to be part of Main Market-listed Censof Holdings Berhad.

His broad, in-depth and diversified business knowledge has provided him with sound understanding of both large public-listed companies and small and medium enterprises. Dato' Wong also has business ventures in Japan in the area of building maintenance, and tax consulting/training business in Malaysia. He is a Director and substantial shareholder of DNeX Hallmark e-Commerce Sdn Bhd (formerly known as Nation Hallmark Sdn Bhd).

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Dato' Wong attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

**ROSLI ABDULLAH**
*Senior Independent Non-Executive Director*

Rosli Abdullah, aged 61, Malaysian, was appointed as an Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. He is also the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee of the Company.

He holds a Masters Degree in Business Administration from Universiti Kebangsaan Malaysia, and Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) from University of Malaya. He is also a Chartered Accountant and member of Malaysian Institute of Accountants (MIA).

He was the Registrar of MIA for 5 years until 2012, where he also served as Chief Executive Officer. He has served in various capacities in the public sector as the Chief Accountant of the Ministry of Works, the Chief Accountant of the Ministry of Education, the Chief Accountant of the Public Services Department (Pension Division), the Secretary to the Teachers Provident Fund, the Bursar of Universiti Putra Malaysia and the Director of Corporate Services, Accountant General Department, Ministry of Finance Malaysia.

His experience in the private sector, meanwhile, includes his tenure as the Financial Controller/General Manager Finance of Kuala Lumpur International Airport Berhad and the Senior General Manager of Putrajaya Holdings Sdn Bhd (a company under the Petronas group). He also served as an Adviser to the Economic Planning Unit of the Prime Minister's Department upon his retirement in 2008/2009.

He sits on the Boards of Malaysia Airports Holdings Berhad, Bank Pembangunan Malaysia Berhad, Keretapi Tanah Melayu Berhad, Global Maritime Ventures Berhad Group, i-VCAP Management Sdn Bhd and CapitaMalls Malaysia REIT Management Sdn Bhd, the Manager of CapitaMalls Malaysia Trust.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Rosli attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

**NORLILA HASSAN**
*Independent*
*Non-Executive Director*

Norlila Hassan, aged 52, Malaysian, was appointed as Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. She is the Chairperson of the Nomination and Remuneration Committee and a member of the Audit Committee of the Company.

She has a Masters in Accounting from St. Louis University, Missouri, and holds a Bachelor of Science degree in Accounting from Indiana State University, Indiana, the United States of America.

She has more than 25 years of experience in Accounting and Financial Management and Operations. She had served as Financial Controller with ON Semiconductor Malaysia Sdn Bhd and ON Semiconductor Thailand Co. Ltd. where she was responsible for Corporate Finance, General Accounting, Financial Analysis and Internal Controls. She was also responsible in managing ON Semiconductor Global Cost Accounting team and the Asian External Manufacturing Finance Team, in charge of the Subcontract houses in Asia.

During her tenure with ON Semiconductor, she served in various positions in the company including the Malaysian Compliance and Ethics Liaison for ON Semiconductor where the major focus was ensuring Compliance Code of Business Conduct and Ethics, and SOX (Sarbanes-Oxley Act) Compliance for the Malaysian and Thailand entities. Norlila is also author of several white papers for the company on cost competitiveness: Possibility of setting up GDC in Malaysia vs Singapore, Night Trucking for product shipment to improve cycle time and the study on cost effectiveness through 4Crew3shift vs 3Crew2shifts.

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Norlila attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

**DATO' ARIF AMBROSE LEONARD NG**
*Independent Non-Executive Director*

Dato' Arif Ambrose Leonard Ng, aged 46, Malaysian, was appointed as an Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013.

He holds a Bachelor of Commerce from University of Western Australia. He is a Chartered Accountant, Fellow Member of Certified Practising Accountants (CPA) Australia and a member of the Malaysian Institute of Accountants (MIA).

He is currently the Managing Director of the Dalta Group of Companies with diversified businesses in such sectors as property development, construction, hotel management, manufacturing of precision plastic parts and plastic injection moulding, plantations and agriculture, golf club management and manufacturing and distribution of automotive parts. The Dalta Group has two (2) Main Market-listed companies namely, A & M Realty Berhad and Hil Industries Berhad.

Dato' Arif Ambrose is also the Managing Director of A & M Realty Berhad, and has a wealth of experience in the property and construction industry, having hands-on involvement in management, operations as well as financial and project management. He also serves as the Chief Executive Officer of the Hospitality (Hotel & Golf) Division comprising the Bukit Kemuning Golf & Country Resort, Puteri Resort Ayer Keroh Melaka, Puteri Garden Hotel, Klang and Amverton Cove Golf & Island Resort, Pulau Carey; and the Managing Director of Kekal Pahlawan Sdn Bhd, a security protection services provider. He also sits on the Boards of various companies.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Dato' Arif attended six (6) out of the eight (8) Board Meetings held during the financial year ended 31 December 2014.

**SATRIA AHMAD**
*Independent*
*Non-Executive Director*

Satria Ahmad, aged 58, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 5 June 2014. He is a member of the Nomination and Remuneration Committee and the Board Procurement and Tender Committee of the Company.

He holds a diploma in Electrical Engineering from the Federal Institute of Technology Kuala Lumpur and a Bachelor's degree in Marine Engineering from Akademi Ilmu Pelayaran Jakarta, Indonesia.

His experience spans more than 30 years in the energy sector, within which he has served numerous oil and gas companies in key areas of project sales and the entire spectrum of project equipment deployment within the industry. In these capacities, he has developed long-term service contracts with major multinational corporations within the oil and gas industry.

He is former Director of Flowco (M) Sdn Bhd, a downstream oil and gas company servicing and supplying equipment such a fuel dispensers, underground flexible piping, tank gauging, lighting, submersible turbine pumps to petrol stations in Malaysia. He was also Director of PNR Engineering Sdn Bhd, a company specialising in design, supply and installation of heat exchangers, flare, gauges, and chemicals for petrochemical industries.

He is currently an Executive Director of Hevilift Malaysia Sdn Bhd.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Satria attended four (4) Board Meetings held during the financial year ended 31 December 2014 since his appointment on 5 June 2014.

# PROFILE OF THE BOARD OF DIRECTORS

*(continued)*

**ANG HSIN HSIEN**
*Non-Independent*
*Non-Executive Director*

Ang Hsin Hsien, aged 47, Malaysian, was appointed as a Non-Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. She is a member of the Audit Committee and the Board Procurement and Tender Committee of the Company.

A graduate of Curtin University of Technology, Western Australia, Ang has more than 20 years of experience in business and the IT industry. She plays a role in the formulation and implementation of the Company's goals which is in line with resource and assessment of the market situation. Her experience brings significant foresight to the Company's strategic direction.

Ang currently heads the Group Business Development of Censof Holdings Berhad where she serves as Executive Director. She is responsible in developing new business opportunities and identifying potential markets, developing policies and plans designed to achieve the company's objectives. Ang is hands-on in her undertaking and believes that strategic management is dynamic in nature, where she plays the mentor to the management team.

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Ang attended all the eight (8) Board Meetings held during the financial year ended 31 December 2014.

# E-COMMERCE MADE EXCELLENT

We enable e-commerce to thrive by creating safe and reliable solutions. Our trade facilitation services are transforming the business world today.

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Dagang NeXchange Berhad (formerly known as TIME Engineering Berhad) and its Group of Companies for the financial year ended 31 December 2014.

**TAN SRI ABD RAHMAN MAMAT**
*Chairman/Independent Non-Executive Director*

## 2014 IN REVIEW

For the year under review, Dagang NeXchange Berhad ("DNeX") reported a turnaround in financial performance from its loss-making position to profitability for the financial year ended 31 December 2014 ("FY2014").

The Group posted profit after tax of RM17.77 million as compared to a net loss of RM21,000 in the financial year ended 31 December 2013 ("FY2013"). The 2013 results were affected by one off asset impairment at its Integrated Enterprise Centre, and settlement resulting from a legal claim made against a subsidiary company totalling RM12.8 million.

At the operational level, the Group also remains profitable, with earnings before interests, taxes, depreciation and amortisation ("EBITDA") and legal provisions improving by 18.7 per cent from RM33.0 million in FY2013 to RM39.2 million in FY2014.

Despite marginal revenue growth, the Group's focused efforts in improving operational efficiencies in all areas of business has resulted in lower costs of operations specifically in its trade facilitation business.

Notwithstanding 2014's improvements, the Company's reserves remains at a net loss position and considering the need for reinvestment towards business growth bearing in mind the expiry of the exclusive agreement to operate the National Single Window ("NSW"), the Board does not recommend the payment of any dividend for the financial year ended 31 December 2014.

# CORPORATE DEVELOPMENTS

The Group needs to ensure sustainable revenue stream through undertaking measures in preparing itself for the expiry of the exclusive agreement, which will end 24 September 2016, as the service provider of the NSW for Trade Facilitation, currently the Group's main generator of revenue. Moreover, the Group will need to ascertain opportunities within the uCustoms system, to be implemented by the Royal Malaysian Customs.

Hence, with this on sight the Group made a decision to diversify its business into oil, gas and energy. The Group, on 18 June 2014, announced its proposed acquisition of the entire equity interest of OGPC Sdn Bhd and OGPC O&G Sdn Bhd (collectively known as OGPC Group), a leading provider of equipment and services for oil and gas, petrochemical and power industries, thus marking a move by the Group to diversify into the oil, gas and energy industry.

The Group proposed to acquire OGPC Group at RM203,000,000, to be satisfied via RM100,000,000 in cash payment deriving from a proposed rights issue, proposed share issue and/or internal funds, and the remaining RM103,000,000 to be satisfied via issuance of 396,153,846 DNeX shares at RM0.26 per share together with 198,076,923 free Warrants.

The Group had later, on 5 March 2015, announced a revised purchase price of RM170,000,000 to be satisfied partially via cash consideration of RM83,000,000 and the remaining RM87,000,000 via issuance of 362,500,000 new DNeX shares with 181,250,000 Warrants at a revised issue price of RM0.24 per share.

The revised purchase price of DNeX's proposed acquisition of OGPC Group is reflective of current market conditions as the result of recent downturn in crude oil prices since we first announced our plan on 18 June 2014.

The Group's decision to acquire OGPC Group is based on its intrinsic value and potential to the Group's long-term investment in the oil, gas and energy sector. The upstream oil and gas is a cyclical business and the Group is taking a long-term view of the strategic merit for its diversification into this sector.

To further strengthen the foundation of its oil, gas and energy diversification, the Group also undertook acquisition of 51 per cent of the issued and paid up capital of Forward Energy Sdn Bhd ("FESB") for a total cash consideration of RM1,530,000. FESB is involved in power plant, energy, energy-related business specifically in the area of Independent Power Producer.

## BUSINESS OUTLOOK

Moving forward in 2015, the Group strives to continue providing end-to-end, comprehensive e-commerce services for Trade Facilitation particularly expanding on Business-to-Business ("B2B") services and into regional markets via its involvement in the Pan Asia e-commerce Alliance ("PAA"), an alliance formed by 11 service providers that are authorised by Customs and other trade regulatory agencies in their respective economies. Also in progress is the company's diversification into oil, gas and energy through its proposed acquisition of OGPC Group as well as acquisition of FESB.

We are committed to deliver customer satisfaction as it assures not only higher volume of business but also brand loyalty for our existing as well as future services thus positioning ourselves as the leading player in e-commerce services in the whole Trade Facilitation sector.

In addition, we will continue measures to effectively manage our resources by prudent spending and being cost-efficient to improve operating income and profitability, measures which we successfully implemented in the year under review in bringing about significant savings. Ultimately our aim is to create value for shareholders who are really our key stakeholders through developing a sustainable and compelling business for years to come.

## ACKNOWLEDGEMENTS

On behalf of the Group, I would like to thank our shareholders, customers, business associates, financiers, the Government and in particular Ministry of Finance, Ministry of International Trade & Industry, Royal Malaysian Customs Department and other regulatory bodies and agencies for their continued support.

I would like to record my appreciation to my fellow Board members who have given their support and hard work over the past year.

My appreciation also goes to the management and employees for their commitment and selfless dedication to the Group.

Thank you.

**TAN SRI ABD RAHMAN MAMAT**
Chairman

15 May 2015

# REVIEW OF OPERATIONS 2014

In the year under review, the Group undertook to strengthen its position in e-commerce while at the same time continued measures to effectively manage its resources.

**ZAINAL 'ABIDIN ABD JALIL**
*Group Managing Director*

In the year under review, the Group undertook to strengthen its position in e-commerce while at the same time continued measures to effectively manage its resources. Through this two-pronged strategy, the Group has managed to improve on growth and profitability as reflected in its financial results achieved during the year.

The Group took to maintain its leadership in the Business-to-Government ("B2G") segment and at the same time pursued the Business-to-Business ("B2B") segment by offering new services to help companies and organisations improve their productivity and operational efficiencies. All these measures were undertaken by the Group driven by its ultimate aim to create value for shareholders through developing a sustainable and compelling business for years to come.

In line with our stated objective to reposition the Group strategically to create long-term sustainable growth, we have made a decision to diversify into oil, gas and energy. Several early moves made during the year are critical building blocks to develop a business of scale that will propel profitable growth for the Group and improve earning resiliency.

The year under review has also been a memorable one as the strong performance by DNeX came about a year after Censof Holdings Berhad ("Censof") emerged as the new controlling shareholder of DNeX (then known as TIME Engineering Berhad or TEB) when it completed sale and purchase transaction of 45.03 per cent of TEB's shares from Khazanah Nasional Berhad on 27 November 2013.

## E-COMMERCE SERVICES

The Group, through subsidiary Dagang Net Technologies Sdn Bhd, currently operates e-commerce services that facilitate Customs-related electronic transactions and duty payments, and electronic document transfer between members of the trading community through a single window or commonly known as the National Single Window for Trade Facilitation.

With services namely eDeclare, ePCO, ePermit, ePermit STA, eManifest, ePayment and eSijil3P, the Group provides the trading community with connectivity to Customs and 28 agencies for import and export document processing.

In the year under review, all 15 schemes of the ePCO have been migrated to the new version of the service, enhanced with innovative features and improved performance including high availability, high data reusability, multiple modes of access and high security.

Moreover, through the ePermit service, the Group assisted a Business Process Reengineering of the electronic Approved Permit ("AP") thus transforming the AP process into a paperless environment. Last year, the AP for Export was completed and in 2015, the Group is embarking on AP for Import where the AP Import for Iron and Steel has gone live earlier in the year.

As part of efforts to improve operational efficiency and organisational effectiveness in servicing target market in the Trade Facilitation sector, the Group undertook to realign operations of its regional offices namely Kedai EDI. The Group ceased aspects of its Kedai EDI operations in Port Klang, Johor Bahru, Penang, Kuching, Kota Kinabalu, Kuantan, and Kuala Lumpur International Airport yet ensure support through regional representatives. The move can also be viewed as a means to empower customers be more hands on in using electronic documentation for their operations, and thus be more competitive.

In the ePayment service, customers of the Electronic Fund Transfer ("EFT") were switched to Dagang Net's Financial Services Payment Gateway ("FSPG"), which offers more benefits and cost effective solution to customers. Customers can make payment anytime, anywhere whereby the payment transactions are processed online and real time. With FSPG, customers can perform various types of payment including Customs duty payment, permit processing fee to Permit Issuing Agencies, eSijil3P application and inspection fee as well as Dagang Net bills.

In the year under review, the Group's Primary Data Centre located in Integrated Enterprise Center ("IEC") was relocated to a Data Centre facility in Petaling Jaya. The move was necessary with the cessation of business of IEC as part of efforts to improve cost efficiency of the Group. Together with the relocation exercise, the infrastructure was also upgraded to facilitate faster deployment, and higher capacity to cater for higher volume of trading transaction not only for existing services but also in anticipation of exciting new services to be introduced. We are pleased to report that the mission critical relocation exercise was successfully completed well within stipulated time.

Throughout the year, the Group was working closely with the Royal Malaysian Customs Department in its change management initiative to educate and get exporters and importers in the Trade Facilitation sector ready for the Goods and Services Tax ("GST"). The Group was involved in the department's nationwide series of Customs GST Handholding Workshop, which covered education and training on getting relevant systems and processes ready for GST.

The Group's focus is to strengthen its position in e-commerce services for Trade Facilitation, and towards this end, pursues to offer a comprehensive suite of end-to-end e-commerce services beyond the B2G segment where the Group currently holds a leadership. The Group is moving into the B2B segment by offering e-commerce services that can help companies and organisations leverage on e-commerce for improved processes and operational efficiencies.

Under the B2B segment, the Group has introduced new services starting with myTrade2Cash, which is a centralised online trade financing service aimed at providing timely and efficient electronic trade finance service for exporters, particularly those in the small and medium enterprise ("SME") category.

Launched on 31 October 2014, myTrade2Cash is the first of its kind in ASEAN, and is a comprehensive trade financing, which enables SMEs to conveniently apply for trade finance facilities from a partnering local bank. myTrade2Cash can help streamline, simplify and improve access to trade finance for exporter SMEs, and deliver faster and more efficient process for application and submission of supporting documents thus helping exporter SMEs address challenges they face in getting access to trade finance.

The Group also on 22 January 2015 introduced another service - myCargo2U - Malaysia's first all-in-one solution for cargo and trade management. Targeted at forwarding agents, freight forwarders, exporters and importers, myCargo2U offers end-to-end services for cargo and trade management from the point of data entry to Pre-Declaration, Declaration and Post-Declaration services.

myCargo2U enables real time visibility, analytics and management of cargo, its data and related cross-border B2G documentation within the supply and fulfillment chain. With myCargo2U, users will have the ease of an all-in-one solution for cargo and trade management, and data reusability across applications thus eliminating multiple data entry of trade information, allowing users to save time and reduce error associated with multiple data entry.

## IT CONSULTANCY SERVICES

The Group's IT Consultancy Services provide expertise in the management of large IT projects, specifically to advise clients on computing and networking solutions, developing maintenance and application services for the public sector.

In the year under review, the business division initiated efforts to expand on its offerings of providing IT consultancy and comprehensive solutioning for enterprises and organisations to include Big Data solutions.

Big Data can be described as huge amount of information in various states (structured, semi-structured and unstructured) which has the potential to be mined or analysed for information that are otherwise meaningless on its own. By having the ability to harness these mountains of data, enterprises and organisations can derive value, understand and identify new mix of opportunities.

This can be applied across multiple industries and across various horizontals such as banking and financial services, healthcare and insurance as well as retail and consumer. Such analysis can provide knowledge for enterprises and organisations that serve as invaluable input in business decisions to improve efficiency, reduce cost as well as increase revenue.

## CYBERSECURITY SERVICES

The Group introduced two new products thus expanding on its offerings in cybersecurity services. The first product is X-Garda, a locally developed and all-in-one network security solution that integrates features of network security products into one box.

Targeted at small and medium-sized companies, organisations and Government agencies, X-Garda includes such features as Firewall, which provides authorised access to authorised users; IDS / IPS intrusion detection and prevention system, which is able to detect and prevent from malicious activities coming from internal or external sources; Content Filtering, which allows only permissible content to be accessed by users; and Web Accelerator, which can speed up online activities.

The second product introduced is Gasing, a locally developed social media monitoring solution covering such media as Facebook, Twitter, and YouTube. What's unique about Gasing is its ability to not only monitor social media postings but also directly engage with social media users. The product is targeted at companies, organisations, and agencies that deal and engage with users or stakeholders that rely on social media or the general public.

In the year under review, the Group also secured a renewal to its ISO / IEC 27001 : 2005 information security management system certification for its cybersecurity services.

## BUSINESS DIVERSIFICATION

The Group, on 18 June 2014, announced its proposed acquisition of the entire equity interest of OGPC Sdn Bhd and OGPC O&G Sdn Bhd (collectively known as OGPC Group), a leading provider of equipment and services for oil and gas, petrochemical and power industries.

Its strategic diversification into oil, gas and energy is in line with the Group's continued commitment to achieve sustainable growth and at the same time enhance its earning resiliency. There are significant opportunities in the oil, gas and energy sector, which is a global sector that plays a prominent role in the country's economy and has been contributing some one fifth of the national gross domestic product over the past decade. The long-term potential of the regional energy sector is expected to remain robust as it is a key enabler to economic growth of the region.

By acquiring OGPC Group, DNeX's move into the sector can also be viewed as beyond an entry level because OGPC Group will serve as a platform for DNeX to jumpstart its venture in the sector especially with OGPC Group's positive performance in recent years. From here, the Group will then build up a balanced and sustainable portfolio of oil and gas assets to deepen and broaden our presence in the energy sector where acquisition of OGPC Group will serve as the launching pad.

As an additional strategic diversification into the energy sector, the Group also undertook acquisition of 51 per cent of the issued and paid up capital of Forward Energy Sdn Bhd ("FESB") a total cash consideration of RM1,530,000. FESB is involved in power plant, energy, energy-related business specifically as an Independent Power Producer. The primary focus will be in the development of small-scale power generation plants in Malaysia and the ASEAN region.

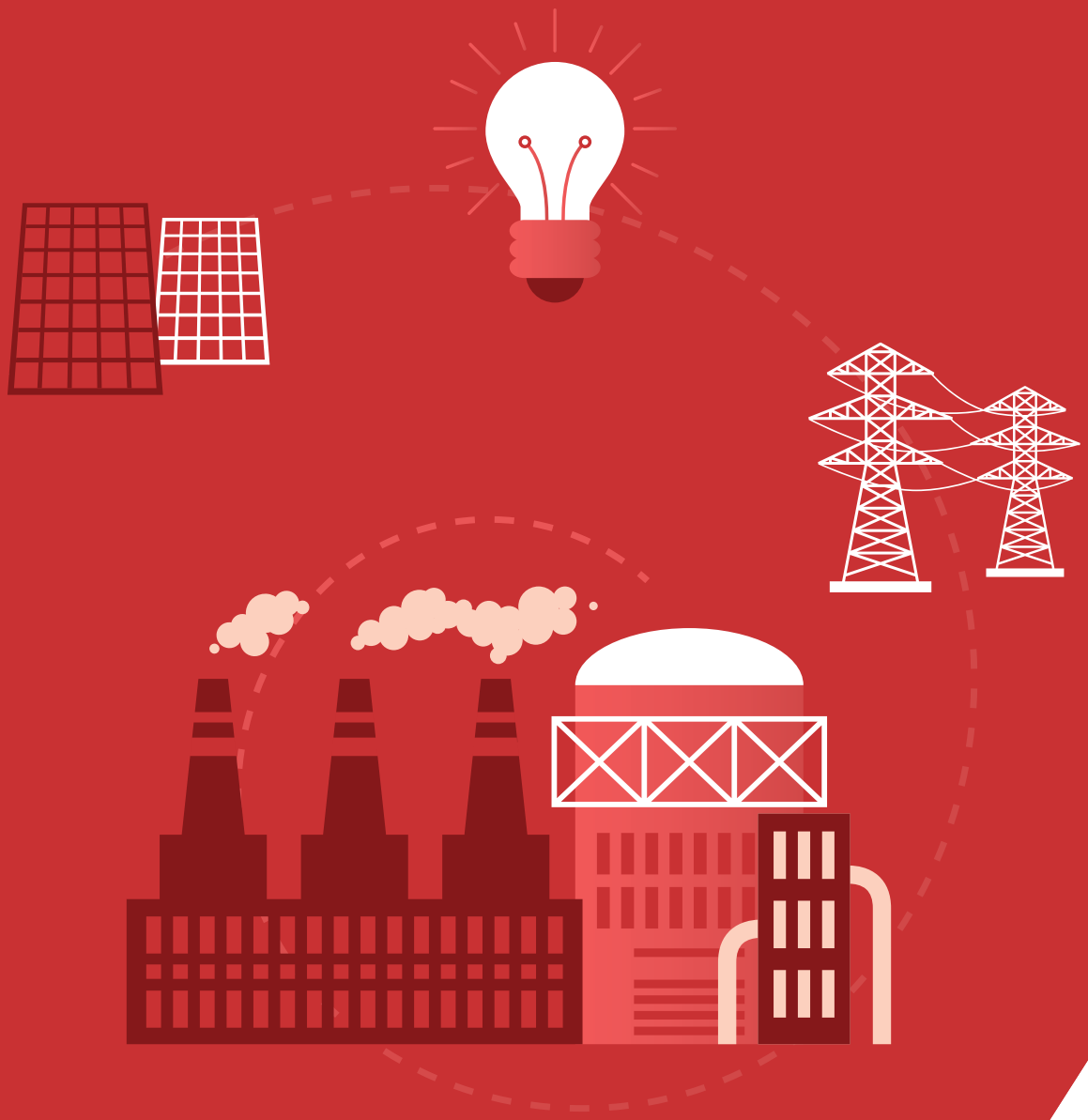
## NAME CHANGE

The Group announced Dagang NeXchange Berhad as the new company name and brand identity in replacing TIME Engineering Berhad ("TEB") with effect from 19 May 2014. The new name and brand encapsulates the Group's renewed business focus of providing end-to-end, comprehensive e-commerce services for Trade Facilitation, as well as leveraging on technology leadership, strong business platforms and business efficiency in its commitment to increase shareholders' value. The Group had earlier received approval from its shareholders for a change in its name at its 44th Annual General Meeting held on 12 May 2014.

**ZAINAL 'ABIDIN ABD JALIL**
Group Managing Director

# POWERING DREAMS

We create the power that makes dreams come true, and we supply the energy that enables our society to flourish.



# FINANCIAL AND CORPORATE CALENDAR

*During the financial year 2014 and up to 6 May 2015*

## 2014

**1 February 2014**
Appointment of Mr. Lim Kek Siang as Chief Financial Officer

**25 February 2014**
Announcement of the Quarterly Financial Results for the fourth quarter and year ended 31 December 2013

**7 March 2014**
Submission of the Audited Financial Results of the Company and the Group for the year ended 31 December 2013

**28 April 2014**
Award of contract extension by the Government of Malaysia for the National Single Window (NSW) for trade facilitation system for a period of two (2) years commencing from 25 September 2014 until 24 September 2016

**12 May 2014**
Forty Fourth Annual General Meeting

**14 May 2014**
Announcement of the Unaudited Financial Results of DNeX Group for the first quarter ended 31 March 2014

**19 May 2014**
Change of Name from TIME Engineering Berhad to Dagang NeXchange Berhad

**5 June 2014**
Appointment of Encik Satria Ahmad as Independent Non-Executive Director

**19 June 2014**
Appointment of Encik Zainal 'Abidin Abd Jalil as Group Managing Director

**4 July 2014**
Resignation of Dato' Seri Zainul Azman Dato' Zainul Aziz as Non-Independent & Non-Executive Director

**9 July 2014**
Change of name of a wholly-owned subsidiary from TEB Quantum Technology Sdn. Bhd. to DNeX Technology Sdn. Bhd.

**9 July 2014**
Change of name of a wholly-owned subsidiary from TEB Systems Integrators Sdn. Bhd. to DNeX Solutions Sdn. Bhd.

**18 July 2014**
Acquisition of 80% equity interest in Nation Hallmark Sdn Bhd

**20 August 2014**
Announcement of the Unaudited Financial Results of DNeX Group for the second quarter ended 30 June 2014

**22 September 2014**
Change of name of 80% owned subsidiary, from Nation Hallmark Sdn Bhd to DNeX Hallmark e-Commerce Sdn Bhd

**24 October 2014**
Acquisition of new subsidiary known as Sterling Marque Sdn. Bhd.

**10 November 2014**
Announcement of the Unaudited Financial Results of DNeX Group for the third quarter ended 30 September 2014

**12 November 2014**
Change of name of a wholly-owned subsidiary from Sterling Marque Sdn. Bhd. to DNeX Petroleum Sdn. Bhd.

## 2015

**24 February 2015**
Announcement of the Quarterly Financial Results of DNeX Group for the fourth quarter and year ended 31 December 2014.

**9 March 2015**
Acquisition of 51% equity interest in Forward Energy Sdn Bhd

**24 March 2015**
Incorporation of 80% owned subsidiary known as DNeX Oilfield Services Sdn. Bhd.

**31 March 2015**
Signing of Sale and Purchase Agreement between DNeX Oilfield Services Sdn. Bhd. and Baker Hughes (Malaysia) Sdn. Bhd. ("BH") for the acquisition of tools and equipment ("Equipment") from BH at a total cash consideration of USD4,217,326.00.

**1 April 2015**
Signing of Equipment Rental Agreement between DNeX Oilfield Services Sdn. Bhd. and BH for the renting of the Equipment to BH for its business operations, for a cash consideration of USD87,860.00 per month.

**1 April 2015**
Submission of the Audited Financial Results of the Company and the Group for the year ended 31 December 2014

**13 April 2015**
Incorporation of a 51% owned subsidiary known as DNeX RFID Sdn. Bhd. by Dagang Net Technologies Sdn Bhd

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company ("the Board") is pleased to report on the manner the Group has applied the principles of corporate governance and the extent of compliance with the relevant Principles and Recommendations by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 December 2014 and up to the date of this Statement:-

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

**Clear Functions of the Board and Management**

The Board is responsible for oversight and overall management of the Group. To ensure the effective discharge of its functions and responsibilities, the Board has established a Discretionary Authority Limits ("DAL") Model for the Group where specific functions are delegated to the relevant Board Committees and the Management. In this regard, the Management is guided by the approved limits of authority as set out in the DAL in carrying out its duties.

**Clear Roles and Responsibilities**

The Board reserves a formal schedule of matters for its decision which are set out in the Board Charter to ensure that the direction and control of the Group is firmly adhered to. The principal responsibilities of the Board include amongst others, strategic and oversight responsibilities, identification of risks, implementation of appropriate internal control systems, succession planning and effective communication with stakeholders.

The Board practices a clear division of responsibilities between the Chairman, Executive Deputy Chairman, Group Managing Director, Executive Director and Non-Executive Directors. The Chairman is responsible for ensuring the effectiveness and conduct of the Board as well as assuming the formal role as the leader in chairing all Board meetings and shareholders' meetings. The Executive Deputy Chairman's role is to assist the Chairman in carrying out his responsibilities whilst the Group Managing Director has overall responsibility over the business units and day-to-day management of the Group, Company, organisational effectiveness and implementation of Board policies, strategies and decisions.

Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.

**Strategies Promoting Sustainability**

Sustainability has long been a key driving force in the Group's corporate agenda, ever since the emergence of corporate responsibility in the early 2000s. It is the foundation of the Group's commitment as a responsible corporate citizen in ensuring the sustainable growth of its profits (a commitment to its shareholders), the sustenance of the planet (a commitment to the environment and community), and the sustainable development of its people (a commitment to nurture DNeX's talented employees and those within the community it operates).

Through its subsidiary, Dagang Net Technologies Sdn Bhd, DNeX is a corporate contributor to the Lembaga Zakat Wilayah Persekutuan. The alms-giving Zakat is intended to assist eligible recipients with financial assistance to help cope with unfortunate situations such as natural disasters; and poverty, especially one that hinders access to formal education and health service. When donating money is not an option, the Management encourages employees to donate their time, which in turn entrenches the spirit of volunteerism within the organisation culture.

**Access to Information and Advice**

The Directors are familiar and aware of their duties and responsibilities as well as the implementation of good corporate governance and compliance practices in the Group.

The Board Members are supplied with the relevant information on a timely basis to enable them to effectively discharge their duties and responsibilities. Board papers were circulated to the Board Members at least three (3) working days prior to the date of the meeting to facilitate the Directors to peruse the board papers and to review the issues to be deliberated at the Board Meeting. Where necessary, relevant senior management and personnel are invited to attend Board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

All Directors have unrestricted access to the Group and Company's senior management and the services of a qualified company secretary to enable them to discharge their duties effectively. The Directors were kept informed on a quarterly basis on the restriction in dealing with the securities of the Company during the closed period and the internal process for compliance when dealing in securities within and outside the closed period as set out in Chapter 14 of the Main Market Listing Requirements. In addition, the Directors were given the updates issued by the various regulatory bodies and authorities which may affect the Group and the Company.

In furtherance of their duties, the Directors may, whether collectively as a Board or in their individual capacities, seek independent professional advice on specific matters, at the Company's expense.

**Board Charter**

A revised Board Charter was formalized on 25 March 2014. The Board Charter sets out amongst others, the roles and responsibilities of the Board. The Board Charter shall be periodically reviewed and published on the Company's corporate website www.dnex.com.my.

## 2. STRENGTHEN COMPOSITION

Encik Zainal 'Abidin Abd Jalil has been appointed the Group Managing Director of DNeX with effect from 19 June 2014. With his wealth of knowledge and experience in managing businesses and operations in high-technology and capital-intensive upstream oil and gas industry, and power generation utilities, Encik Zainal drives and lead DNeX in its venture in the oil and gas sector while at the same time maintain its position as a leading e-commerce player in trade facilitation.

Following Encik Zainal's appointment as Group Managing Director, the Board currently has nine (9) members comprising five (5) Independent Non-Executive Directors including the Chairman, one (1) Non-Independent Non-Executive Director, one (1) Executive Deputy Chairman, one (1) Group Managing Director and one (1) Executive Director. The Company has complied with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The profile of each Director is set out on pages 12 to 20 of this Annual Report.

The Board has delegated specific responsibilities to the Board Committees namely the Nomination and Remuneration Committee, the Audit Committee and the Board Procurement and Tender Committee. Each committee operates under their respective approved terms of reference. The Board Committees will observe the same rules of conduct and procedures as the Board, unless otherwise determined by the Board.

**Nomination and Remuneration Committee ("NRC")**

All Board appointments were approved by the Board upon recommendation by the NRC. The Board, through the NRC, has established a formal and transparent procedure in relation to the assessment of candidates for Board appointments as well as assessing the effectiveness of the Board as a whole, the Committees of the Board and the contributions of each individual Director.

The NRC's responsibilities include, amongst others, reviewing the Board composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates as Board members and Board Committee members. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board as well as gender diversity.

The NRC meets as and when required. During the financial year 2014, the NRC met three (3) times.

Currently, the NRC comprises entirely of Independent Non-Executive Directors. Members and details of attendance of each member at the NRC meetings held in 2014 were as follows:-

| | **Attendance** |
|---|---|
| Norlila Hassan (Chairperson) | 3/3 |
| Rosli Abdullah (member) | 3/3 |
| Satria Ahmad (appointed as member on 4 July 2014) | 1/1 |
| Dato' Seri Zainul Azman Dato' Zainul Aziz (ceased as member on 4 July 2014) | 1/2 |

During the financial year, the NRC had undertaken the following activities:-

(i) Annual performance evaluation of the Board and the Board Committees;
(ii) Review of candidates proposed for appointment as Group Managing Director and Independent Non-Executive Director of the Company.
(iii) Reviewed the proposal from Group Human Resource for DNeX Group to undertake a group-wide employee separation scheme; and
(iv) Reviewed the DNeX Group salary structure and job grading.

**Audit Committee**

The Audit Committee Report is set out on pages 44 to 47 of this Annual Report.

**Board Procurement and Tender Committee ("BPTC")**

The BPTC was established on 16 December 2013 to oversee the procurement process and contract management of the Group. The BPTC convened two (2) meetings in 2014.

Members and details of attendance of each member at the BPTC meetings held in 2014 were as follows:-

| | **Attendance** |
|---|---|
| Datuk Samsul Husin | 2/2 |
| Ang Hsin Hsien | 2/2 |
| Satria Ahmad (appointed as member on 4 July 2014) | - |
| Dato' Seri Zainul Azman Dato' Zainul Aziz (ceased as Chairman on 4 July 2014) | 1/2 |
| Dato' Arif Ambrose Leonard Ng<br>(ceased as Alternate Chairman to Dato' Seri Zainul Azman Dato' Zainul Aziz on 4 July 2014) | 1/2 |

**Directors' Remuneration**

The remuneration for the Executive Directors link rewards to corporate and individual performances.

Non-Executive Directors are remunerated in the form of directors' fees which are approved annually by the shareholders at Annual General Meeting ("AGM") and an attendance allowance of RM1,000 for each Board meeting that they attend.

Based on the existing fees structure which was last revised in 2009 and approved by the shareholders at the 44th AGM for the financial year 2014, directors' fees are at RM7,500 per month for the Non-Executive Chairman and RM3,300 per month for each Non-Executive Director.

At Board Committee level, directors' fees are at RM2,700 per month for the Non-Executive Chairman of the Board Audit Committee and RM1,200 per month for each Non-Executive Director who are members of the Board Audit Committee.

Non-Executive Directors who are members of Board Committees are paid attendance allowance for each Committee meeting they attend, as follows:-

| | **Attendance allowance** |
|---|---|
| Chairman | RM750 |
| Member | RM500 |

In addition to the above, Non-Executive Directors including the Non-Executive Chairman are entitled to medical and hospitalisation coverage.

The details of the remuneration for the Directors of the Company during the financial year ended 31 December 2014 are presented in the table below:-

(a) Aggregate remuneration of directors by category distinguishing between Executive and Non-Executive Directors:-

| | Salaries (RM'000) | EPF and benefits in kind (RM'000) | Directors' fees (RM'000) | Allowance and other emoluments (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|
| Executive Directors | 1,674 | 542 | - | - | 2,216 |
| Non-Executive Directors | - | - | 352 | 155 | 507 |

(b) The number of Directors of the Company whose total remuneration falls within the following bands:-

| Range of Remuneration | Executive | Non-Executive |
|---|---|---|
| RM50,000 and below | - | 2 |
| RM50,001 to RM100,000 | - | 4 |
| RM100,001 to RM150,000 | - | 1 |
| RM500,001 to RM550,000 | 1 | - |
| RM800,001 to RM850,000 | 1 | - |
| RM850,001 to RM900,000 | 1 | - |

## 3. REINFORCE INDEPENDENCE

**Annual Assessment of Independent Directors**

The Board carries out an annual assessment of the independent directors with the aim of strengthening the role of independent directors to facilitate independent and objective decision making in the Company, free from undue influence and bias.

**Tenure of Independent Director**

MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director.

As at the date of this Statement, none of the Independent Directors of the Company has served the Board for a cumulative term of nine (9) years.

**Chairman to be a Non-Executive Director**

MCCG 2012 recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Chairman of the Board is an Independent Non-Executive Director.

## 4. FOSTER COMMITMENT

**Time commitment**

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The Board meets at least four (4) times a year.

During the financial year 2014, the Board met eight (8) times (including two special board meetings). The Board Committees also convened their respective meetings in accordance with their terms of reference.

Details of the Board meetings convened during the year and the attendance of each member at Board meetings held in 2014 were as follows:-

| Name of Director | Directorship | Attendance |
|---|---|---|
| Tan Sri Abd Rahman Mamat | Chairman/Independent Non-Executive Director | 8/8 |
| Datuk Samsul Husin | Executive Deputy Chairman | 8/8 |
| Dato' Seri Zainul Azman Dato' Zainul Aziz (resigned on 4 July 2014) | Non-Independent Non-Executive Director | 3/5 |
| Dato' Arif Ambrose Leonard Ng | Independent Non-Executive Director | 6/8 |
| Dato' Wong Kam Yin | Executive Director | 8/8 |
| Rosli Abdullah | Independent Non-Executive Director | 8/8 |
| Norlila Hassan | Independent Non-Executive Director | 8/8 |
| Ang Hsin Hsien | Non-Independent Non-Executive Director | 8/8 |
| Satria Ahmad (appointed on 5 June 2014) | Independent Non-Executive Director | 4/4 |
| Zainal 'Abidin Abd Jalil (appointed on 19 June 2014) | Group Managing Director | 3/3 |

In between Board Meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which contain all relevant information to enable the Board to make informed decisions. All circular resolutions that are approved by the Board are tabled for notation and confirmation at the subsequent Board Meetings.

**Directors' Training**

Directors keep themselves abreast with the latest regulatory and corporate governance developments, besides enhancing professionalism and knowledge to enable them to discharge their duties effectively.

All Directors had attended and completed the Mandatory Accreditation Programme ("MAP") as required by the Main Market Listing Requirements of Bursa Securities.

For the financial year ended 31 December 2014, the Directors had attended training programmes, seminars and conferences organised by the various training providers. The training programmes attended by the Directors are as follows:-

- Islamic Finance for Public Listed Companies : The Global University of Islamic Finance and Shariah Compliance for Listed Companies & Bursa Suq Al-Sila
- Proposed Legal Framework : The Companies Bill 2013
- Board Chairman Series : "The Role of the Chairman"
- Transformational Leadership – A Strategic Leadership Workshop
- Briefing Session on Corporate Governance Guide : Towards Boardroom Excellence (2nd Edition) – An Update
- IFN 2014 - Issuers & Investors Asia Forum
- Breakfast Talk - Building Excellent, Ethical and Enduring Organisations
- Fide Elective Programme : Corporate Governance Issues Facing Development Financial Institutions
- 2014 MASB Roundtable on Financial Reporting
- Advocacy Session on Corporate Disclosure for Directors of Listed Issuers
- The ETFs and SBL Conference for Institutions, Brokers & Exchanges
- AMLATFA seminar
- Risk Management & Internal Control: Workshop for Audit Committee Members
- 13th Annual International Oil and Gas Business Days (IOGBD) at the ONS Venue, Stavanger, Norway
- Offshore Development Oman 2014 Conference at Al Bustan Palace Hotel, Muscat, Oman

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

**Compliance with Applicable Financial Reporting Standards**

The financial statements of the Group were prepared under the historical cost convention and modified to include other bases of valuation as disclosed therein under significant accounting policies, and in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965.

The Board is responsible for the quality and completeness of publicly disclosed financial reports. This ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and its future prospects, through the issuance of Annual Audited Financial Statements and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the Main Market Listing Requirements of Bursa Securities.

The Board is committed to continuously provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects. In order to fulfill the commitments to stakeholders, the Company ensures that the recording and reporting of financial and business information is as fair and accurate as determinable.

**Statement of Directors' Responsibility in respect of the preparation of the Audited Financial Statements**

The Directors are responsible in ensuring that the Company and its subsidiaries maintain and properly keep their accounting records, the register books and other statutory documents to enable the preparation of the Audited Financial Statements with reasonable accuracy in compliance with the provisions of the Companies Act, 1965.

The Directors also have a general responsibility to take steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement of Directors' Responsibility in respect of the preparation of the Annual Audited Financial Statement of the Group pursuant to Section 169 of the Companies Act, 1965 is set out on pages 56 to 59 of this Annual Report.

**Relationship with Auditors**

The Board maintains a transparent and professional relationship with the Company's auditors, both external and internal. The external auditors, Messrs Crowe Horwath, provide an independent opinion, based on audit performed on the financial statements of the Group and report the same to the shareholders of the Company in accordance with Section 174 of the Companies Act 1965. The external auditors also attend each AGM in order to assist in giving clarifications to shareholders on the audited financial statements.

The internal auditors attended the Audit Committee meetings of the Company held during the financial year.

## 6. RECOGNISE AND MANAGE RISKS

**Statement on Risk Management and Internal Control**

The Board acknowledges its responsibility for maintaining a sound system of internal control which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant law and regulations as well as the Group's internal financial administration procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on pages 48 to 50 of this Annual Report provides an overview on the state of internal controls and level of risks and the effectiveness of risks mitigation plans within the DNeX Group.

**Internal Audit Function**

The internal audit function is carried out by Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly") since March 2014. Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities. Further details of the activities of the internal audit function are set out on page 47 of this Annual Report.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is committed to use its best endeavour to provide accurate and complete information on a timely and even basis to enable shareholders to make informed investment decision.

The Company's website is regularly updated and provides relevant information on the Company which is accessible to the public.

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In accordance with the Policy on Investor Relations and Communication with Shareholders, the Company publishes all material information as required by the regulators via the Bursa LINK as well as other publications such as the annual report, quarterly financial reports and press announcements. In addition, the Company maintains regular and effective communication with its shareholders and stakeholders through attending to shareholders' and investors' emails and phone calls enquiries, Company General Meetings and other Company events. Another communication tool to reach shareholders and investors is via our corporate website www.dnex.com.my and with a direct link to a subsidiary's website, Dagang Net Technologies Sdn Bhd at www.dagangnet.com.

Pursuant to the amendments to the Company's Articles of Association as approved by the shareholders at the 42nd AGM held on 2 May 2012, the Company had removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account to allow greater participation of the beneficial owners of shares at general meetings of the Company. To further promote participation through proxy(ies), a new Article 69A had been included in the Company's Articles of Association that confers a proxy the same rights as an individual member to speak at the meeting.

## 9. OTHER INFORMATION OF COMPLIANCE

**Non-Audit Fees**

Non-Audit fees of RM103,000.00 paid to the external auditors, Messrs. Crowe Horwath relate to the following:-

(i) Special audit for the financial period from 1 January 2014 to 31 March 2014; and
(ii) Review of the Statement on Risk Management and Internal Control.

**Sanctions and/or Penalties**

The Company and its subsidiaries, Directors and the Management have not been imposed with any sanctions and/or penalties by the relevant regulatory bodies during the financial year ended 31 December 2014.

**Recurrent Related Party Transactions**

During the financial year 2014, the Company did not enter into any recurrent related party transaction that requires the shareholders' mandate.

**Material Contracts involving Directors and Major Shareholders**

Save as disclosed in the Audited Financial Statements for the year ended 31 December 2014, none of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.

**Dealing in Securities**

The Company has in place the Guidelines for Dealings in Securities for Directors and Principal Officers which sets out the internal process for compliance by Directors and Principal Officers when dealing in securities during and outside the closed periods, in accordance with the relevant provisions of the Main Market Listing Requirements of Bursa Securities.

## COMPLIANCE STATEMENT

The Board is committed to achieving a high standard of Corporate Governance throughout the organisation and would endeavour to apply the recommendations of the MCCG 2012.

This Statement on Corporate Governance has been approved by the Board of DNeX on 15 May 2015.

# STEPPING UP, REACHING OUT

In keeping with our long-term mission, DNeX continues its initiative to reach out to the underprivileged children to ensure that they grow within a caring society and with better access to education and nutrition. This is the foundation of our community service agenda throughout the year - as our way to equip the future generation and build trust within the community that we live in, and this is inherent in everything we do.

# AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 December 2014.

## 1. MEMBERS OF THE AUDIT COMMITTTEE

The current members of the Audit Committee are as follows:-

Chairman : Rosli Abdullah
*Senior Independent Non-Executive Director*
(member of the Malaysian Institute of Accountants)

Members : Norlila Hassan
*Independent Non-Executive Director*
Ang Hsin Hsien
*Non-Independent Non-Executive Director*

## 2. MEETINGS AND ATTENDANCE

There were seven (7) meetings held during the financial year 2014. The details of attendance of each member at the Audit Committee Meetings are as follows:-

| | **Attendance** |
|---|---|
| Rosli Abdullah | 7/7 |
| Norlila Hassan | 7/7 |
| Ang Hsin Hsien | 7/7 |

## 3. TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the Audit Committee is guided by the Terms of Reference as follows:-

### 1. Composition of the Audit Committee

The Audit Committee shall have a minimum of three (3) members, of which a majority must be independent directors. All members of the Audit Committee shall be non-executive directors and at least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA) or have equivalent qualifications recognised by the MIA. The Chairman of the Audit Committee must be an independent director.

The Chairman of the Audit Committee will maintain continuous engagement with the Board Members and Senior Management of the Company and external auditors in order to keep abreast of matters affecting the Company.

All members of the Audit Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his or her membership in the Audit Committee would cease forthwith. Alternate directors are not eligible to become members of the Audit Committee.

## 3. TERMS OF REFERENCE (CONTINUED)

### 2. Powers of the Audit Committee

The Audit Committee is vested with the following authority in carrying out its duties and responsibilities:-

(i) Have explicit authority to investigate any matter within its terms of reference.
(ii) Have the resources required to perform its duties.
(iii) Have full, free and unrestricted access to any information, records, personnel and properties of the Company and any other companies in the Group.
(iv) Have direct communication channels with the external auditors and persons carrying out the internal audit function or activity. Head of Internal Audit should report directly to the Audit Committee.
(v) Have authority to obtain external professional advice and secure the attendance of outside parties with relevant experience and expertise, if deemed necessary.
(vi) Have authority to convene meetings with external auditors, internal auditors or both without the presence of the Management, whenever deemed necessary.

### 3. Functions of the Audit Committee

The following are the main functions of the Audit Committee:-

(i) To review the quarterly, half yearly and year-end financial statements of the Company and its subsidiaries ("the Group") for recommendation to the Board for approval, focusing on compliance with accounting standards and legal requirements, changes in accounting policies and practices and major potential risk issues.
(ii) Assist the Board of Directors in ensuring that there exists adequate and effective systems of governance, control and risk management.
(iii) To consider the appointment of the external auditors, the audit fee and any questions of their resignation or dismissal.
(iv) To review the external auditors' nature and scope of the audit before commencement of the audit, review the external auditors' audit report, management letter and responses thereto.
(v) To review with the external auditors their evaluation of the systems and control and any comments they may have with respect to improving the system for internal control.
(vi) To review the adequacy of the scope, functions and resources of the internal audit department, and ascertain that it has the necessary authority to carry out its work.
(vii) To review the internal audit plan and results of the internal audit process and ensure that appropriate action is taken on the recommendations of the internal audit department.
(viii) To consider any related party transactions that may arise within the Group.
(ix) To consider the major findings of internal investigations and the Management's responses, and direct the Management to take appropriate actions.

### 4. Frequency and Attendance at Audit Committee Meetings

The Audit Committee shall convene meetings as and when required. The quorum for each meeting shall be a majority of Independent Directors.

The Chief Financial Officer, the Head of Finance, the Head of Internal Audit and/or his/her representatives and representatives of the external auditors, the Heads of subsidiary companies and their Management teams are to be in attendance at meetings, if their presence is required.

The Chairman of the Audit Committee shall report on each meeting to the Board. The secretary to the Audit Committee shall be the company secretary.

## 4. SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its terms of reference. The following were the activities carried out during the financial year 2014:-

**(i) Financial Reporting**

(a) Reviewed the DNeX Group's quarterly unaudited financial results prior to recommending for approval by the Board of Directors for release to Bursa Malaysia Securities Berhad.
(b) Reviewed the annual audited financial statements of the Group and of the Company and the significant risk audit areas highlighted by the external auditors. In the review of the annual audited financial statements, the Audit Committee discussed with the Management the accounting principles and standards that were applied and the impact of the items to the financial statements.

**(ii) External Audit**

(a) Considered the nomination of Messrs. Crowe Horwath for appointment as external auditors of the Group and the Company in place of the retiring auditors, Messrs. KPMG.
(b) Reviewed the external auditors' Audit Planning Memorandum, audit approach and scope of audit work for the year.

**(iii) Internal Audit**

(a) Reviewed and approved the Internal Audit Plan for DNeX Group to ensure adequate scope and comprehensiveness of the activities and coverage on auditable entities with significant high risks.
(b) Reviewed the progress of audit assignments carried out in accordance with the Internal Audit Plan for the year 2014.
(c) Reviewed the Internal Audit Reports issued during the year 2014 as follows:-
    1. Corporate Governance dated 2 April 2014.
    2. Human Resource Management, Payroll Function and Staff Claim Processing dated 5 May 2014.
    3. Project Management Life Cycle and Billing and Credit Management dated 13 August 2014.
    4. Procurement and Contract & Vendor Management Function of Dagang Net Technologies Sdn. Bhd. dated 30 October 2014.
(d) Reviewed the Follow-up Internal Audit Report dated 30 October 2014 on Human Resource Management, the Payroll Function and Staff Claim Processing.

**(iv) Risk Management**

Reviewed the consolidated risk management report and the risks mitigation action plans on a quarterly basis.

**(v) Related Party Transactions**

Reviewed the related party transactions and recurrent related party transactions entered into by the Company and its subsidiaries on a quarterly basis.

**(vi) Others**

Reviewed the Financial and Tax Due Diligence Reports of OGPC Sdn Bhd and OGPC O&G Sdn Bhd dated 21 August 2014.

## 5. INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consultancy firm. The internal audit function is carried out by Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly") since March 2014.

Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities.

Baker Tilly undertakes the internal audit activities in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As set out in Section 4 above, the Audit Committee deliberated on the internal audit reports and ensured that all recommendations were duly acted upon by the Management.

As at 31 December 2014, the total cost incurred for the internal audit function was RM68,000.00 which relates to personnel cost on audit assignments (excluding out-of-pocket expenses).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers in making disclosures concerning the main features of the risk management framework and internal controls system of the Group pursuant to the Paragraph 15.26(b) of the Listing Requirements and Practice Note 9 of the Listing Requirement.

## BOARD RESPONSIBILITIES

The Board recognises the importance of having an adequate and effective risk management addressing material matters on financial, operational and information technology to safeguard Group's assets and internal control practices as a critical framework for successful decision-making and for deriving value within the DNeX Group in accordance with Principle 6 of the Malaysian Code on Corporate Governance.

The Group has in place an ongoing process for managing significant risks affecting the achievement of its business objectives throughout the period which includes identifying, evaluating, managing and monitoring these risks. The Group's systems of internal control seeks to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement.

The Audit Committee has approved a formal Group risk management framework that has been adopted by all of its subsidiaries. It sets out the requirements to identify, measure, monitor and report various risk components and management actions.

## MANAGEMENT PROCESSES AND CONTROL FRAMEWORK

The Group's activities are exposed to a variety of risks, including operating and financial risks. The Group's overall risk management objective is to ensure that the Group creates value for shareholders whilst minimising potential adverse effects on the Company's performance and positions. Annual business plans, corporate strategy and operating budgets are prepared by business and operating units, and are approved by the Board.

Where material risks have been identified within the Group, appropriate internal control environments are implemented to protect shareholders' interests. The Board is ultimately responsible for the Group's system of risk management and internal control, and it discharges its duties in this area by:

- Determining DNeX's risk appetite (the risk exposure our strategy requires us to consider in the expectation of an economic return) and risk tolerance (the risk we are prepared to face in achieving our strategic goals);
- Overseeing the risk management strategy; and
- Ensuring management implement effective systems of risk identification, assessment, mitigation and internal control. These systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement.

The Board has formalised a reporting structure comprising the Executive Deputy Chairman, Executive Director, Managing Director, and Management to ensure that the communication of the Group's objectives, financial issues and risk matters are disseminated to all levels through monthly leadership meetings. Strategic matters and performance of subsidiaries are reviewed, deliberated and resolved during meetings.

## INTERNAL CONTROL

Internal control is an integral part of objectives, risks and control continuum. Hence, the Group has in place a system of internal control that provides reasonable assurance that assets of the Company are safeguarded against losses from unauthorised use or disposition.

The Board recognises that the internal audit function is an integral component of the governance process and thus the internal audit advisory services is outsourced to an independent professional firm namely Baker Tilly Monteiro Heng Governance Sdn Bhd, which supports the Audit Committee and by extension, the Board, by providing independent assurance on the adequacy and effectiveness of the Group's system of internal controls.

Issues noted from internal audit conducted are reported directly by the internal auditors to the Audit Committee, including suggested action plans agreed by Management to be adopted in view of improving internal controls. Follow-up audits are also conducted by the internal auditors which update the Audit Committee on the status of action plans agreed by Management to address issues highlighted in previous internal audit reports issued.

During 2014, internal audit have reviewed the application of the following guidelines and concluded that the Group has satisfactorily complied with Corporate Governance guidelines:

- Malaysian Code on Corporate Governance 2012 issued by Securities Commission of Malaysia; and
- Compliance with the Risk Management Framework and practices adopted by the Management; and
- The Board Charter and Terms of Reference for the Board of Directors.

**FINANCIAL REPORTING**

The Group has comprehensive planning, budgeting, forecasting and monthly Management reporting processes in place.

The Group performs a comprehensive annual planning and budgeting exercise including the development and validation of business strategies for a rolling five year period, and establishment of performance indicators against which business units and subsidiary companies are evaluated.A summary of the Group's financial results supported by commentary and performance measures is provided to the Audit Committee and Board on quarterly basis.

Internal controls over financial reporting are in place to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

**RISK MANAGEMENT**

Risk management is part of DNeX Group's strategic and internal control system to safeguard shareholders' investments and Group's assets. The risk management process, which has been in place throughout the year has identified, evaluated, managed and monitored the risks facing the business. Risks which have been identified as significant and high were reviewed together with their associated mitigating controls and are later reported to the Audit Committee on quarterly basis. In line with the guidance appended to the listing requirements, the Audit Committee reviews on a quarterly basis the effectiveness of the management system to monitor and manage risks in DNeX.

A prerequisite to effective risk assessment is the cascading of annual business and operational objectives via the Divisional Scorecard that is derived directly from Corporate Scorecard of DNeX Group. Every unit has identified the relevant risks that may hamper the accomplishments of its objective and the action required to manage such risks.

All senior managers are responsible for managing and monitoring risks in their area of responsibility and recording these risks in the risk register. The Group co-ordinates risk management activities and ensure that mitigating actions are implemented appropriately. It is mandatory for this process to take place at least once a year but in practice, the reviews often take place on a quarterly basis. For each risk identified, management assesses the root causes, probability of risk occurring, impact and mitigating controls.

Each of the business areas are supported by an Operational Risk Champion who co-ordinates risk management activities and ensures that actions are implemented appropriately. Risks are rated based on their likelihood of occurrence and potential severity. These scores are then used to escalate risks within the organisation for prompt mitigating actions to be taken. This process ensures risks are measured, monitored and reported to the Board on a consistent basis.

**ORGANISATION STRUCTURE AND AUTHORISATION PROCEDURES**

The Board has put in place qualified and experienced management personnels to head the Group into delivering results as per Company's objective. The internal control of the Group is supported by a formal organisational structure with structured lines of discretionary authority limit ("DAL"). The DAL defines decision making limits for each level of management within the Group, setting out a clear line of accountability and responsibility and identifying the approving authority for the various business transactions and value including matters that require Board approval.

A Board Procurement and Tender Committee comprising three (3) of the Board members of the Company had been established to independently review, approve and provide recommendations on significant capital and operational spending to the Board. The Group's strategic directions are also reviewed at reasonable intervals taking into account changes in market conditions and significant business and operational risk.

Performance measurement against annual operating plan and budgets are reviewed on a monthly basis. These are presented to the executive directors and Management using the balanced scorecard approach and variance reporting.

The Executive Deputy Chairman reports to the Board on significant changes to the Group's business, if any. The Executive Deputy Chairman also provides the Board with quarterly financial information, which includes key financial indicators. This includes inter-alia the monitoring of results against budget and prior years and management actions taken on unfavourable variances noted. Where areas of improvement in the system are identified, the Board considers the recommendations made by both the Audit Committee and the Management.

**THE MANAGEMENT'S COMMITMENT**

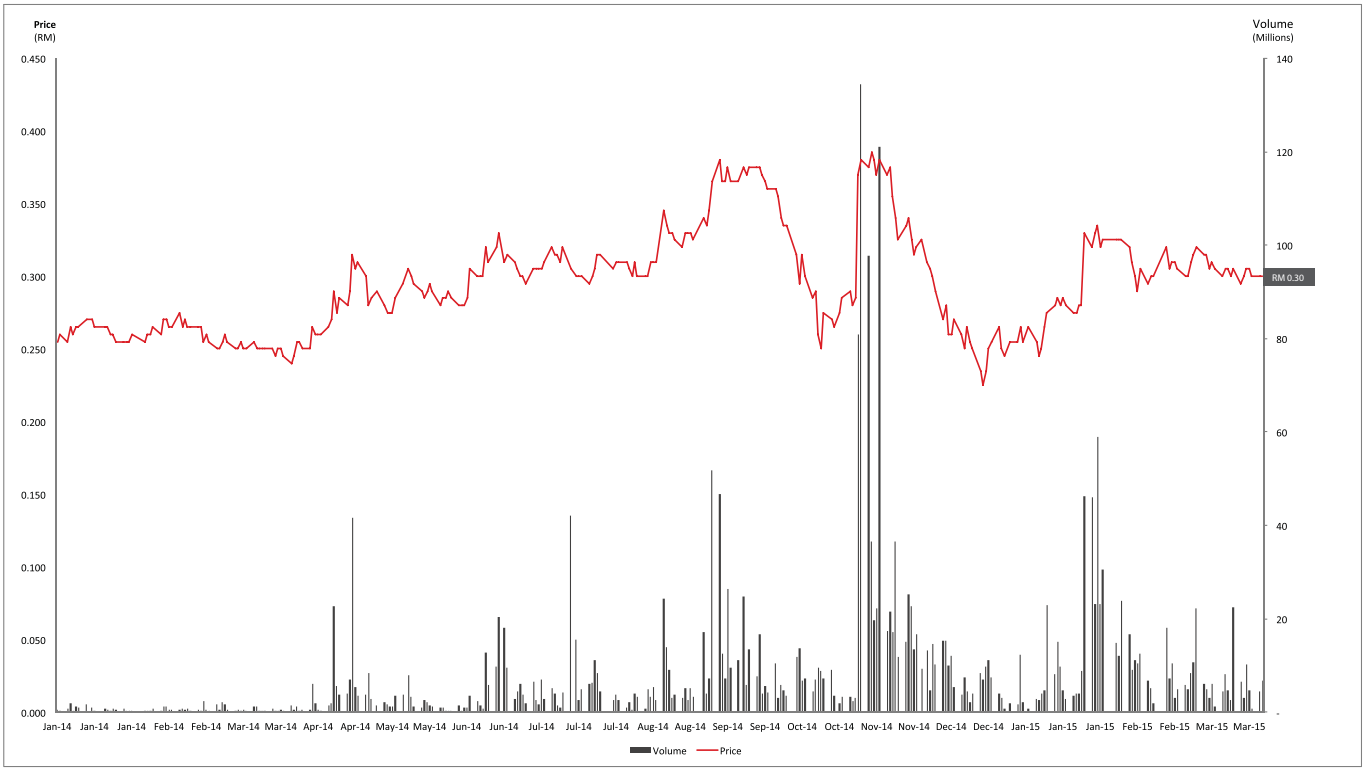
The Board received reasonable assurance from the Executive Deputy Chairman and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system in place.

**REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement is made in accordance with a resolution of the Board dated 15 May 2015.

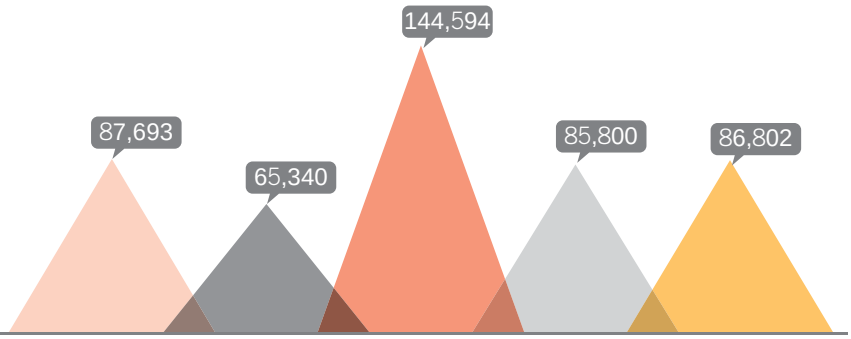
# SHARE PERFORMANCE CHART



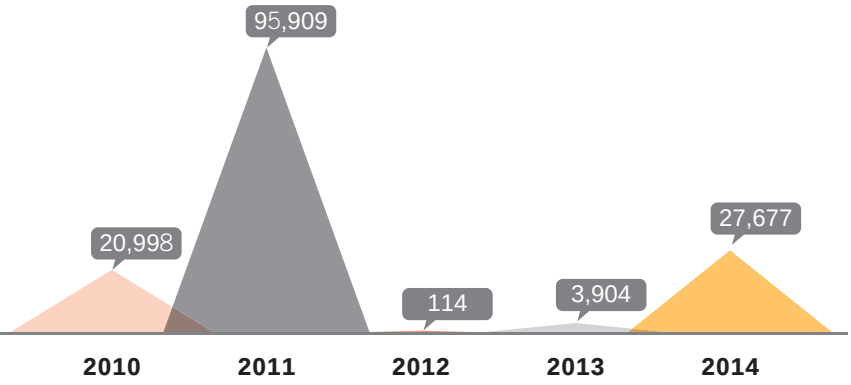
# 5-YEAR FINANCIAL HIGHLIGHTS

| | | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| **Consolidated Statements of Financial Position (RM'000)** | | | | | | |
| Investments | | 497,846 | - | - | - | - |
| Other Assets | | 136,777 | 185,681 | 241,916 | 182,207 | 172,319 |
| Total Assets | | 634,623 | 185,681 | 241,916 | 182,207 | 172,319 |
| Share Capital | | 155,049 | 155,049 | 155,049 | 155,049 | 155,049 |
| Reserves | | 174,822 | (20,810) | (51,846) | (81,074) | (68,859) |
| Equity Attributable to shareholders of the company | | 329,871 | 134,239 | 103,203 | 73,975 | 86,190 |
| Non-controlling interests | | 18,239 | 18,396 | 11,845 | 17,795 | 21,996 |
| Borrowing | | 263,334 | - | 67,386 | 57,024 | 38,530 |
| Other Liabilities | | 23,179 | 33,046 | 59,482 | 33,413 | 25,603 |
| Total Equity and Liabilities | | 634,623 | 185,681 | 241,916 | 182,207 | 172,319 |
| **Consolidated Statements of Profit or Loss and Other Comprehensive Income (RM'000)** | | | | | | |
| Revenue | | 87,693 | 65,340 | 144,594 | 85,800 | 86,802 |
| Results from operating activities | | 19,963 | 2,343 | 2,494 | 18,320 | 28,295 |
| Finance costs | | (20,481) | (1,517) | (538) | (3,442) | (2,390) |
| Gain on disposal of investment | | 19,637 | 91,927 | - | - | - |
| Impairment loss in plant and equipment | | - | - | - | (9,781) | - |
| Finance income | | 1,879 | 3,156 | 2,658 | 1,851 | 1,772 |
| Provision for legal claim | | - | - | (4,500) | (3,044) | - |
| Profit Before Taxation | | 20,998 | 95,909 | 114 | 3,904 | 27,677 |
| Zakat | | (269) | (295) | (281) | (266) | (259) |
| Taxation | | (7,064) | (4,488) | (2,999) | (3,659) | (9,649) |
| Profit/(Loss) For the Year | | 13,665 | 91,126 | (3,166) | (21) | 17,769 |
| Attributable to: | | | | | | |
| Owners of the Company | | 8,189 | 87,490 | (7,779) | (5,971) | 12,215 |
| Non-controlling interests | | 5,476 | 3,636 | 4,613 | 5,950 | 5,554 |
| **Profit/(Loss) For the Year** | | **13,665** | **91,126** | **(3,166)** | **(21)** | **17,769** |
| **Financial Highlights (RM'000)** | | | | | | |
| Revenue | | 87,693 | 65,340 | 144,594 | 85,800 | 86,802 |
| Profit/(Loss) Before Taxation | | 20,998 | 95,909 | 114 | 3,904 | 27,677 |
| Profit/(Loss) For The Year After Taxation | | 13,665 | 91,126 | (3,166) | (21) | 17,769 |
| Profit/(Loss) Attributable To owners of the Company | | 8,189 | 87,490 | (7,779) | (5,971) | 12,215 |
| Financial Ratios | | | | | | |
| Revenue Growth | % | (29.3) | (25.5) | 121.3 | (40.7) | 1.2 |
| Debt/Equity ratio | times | 0.8 | - | 0.6 | 0.6 | 0.4 |
| Net Earnings/(Loss) per Share | sen | 1.06 | 11.29 | (1.00) | (0.77) | 1.58 |
| Gross Dividend per Share | sen | 1.33 | 6.67 | 4.00 | - | - |
| Net Assets per Share | RM | 0.43 | 0.17 | 0.13 | 0.10 | 0.11 |
| Closing Price | sen | 45.0 | 26.0 | 30.0 | 25.5 | 25.5 |
| Price Earnings Ratio | times | 42.6 | 2.3 | NA | NA | 16.1 |

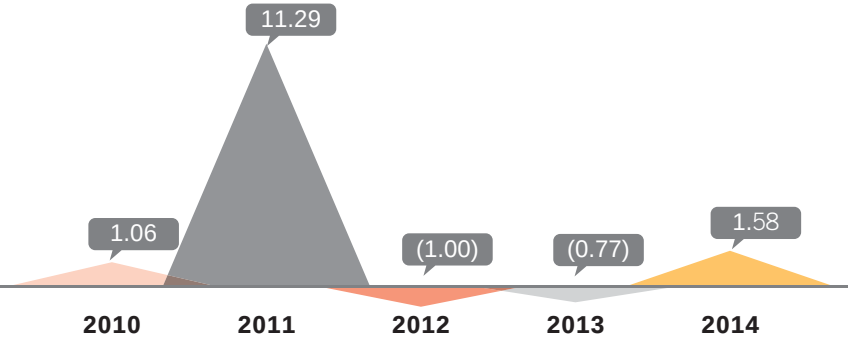
**Revenue**
(RM'000)



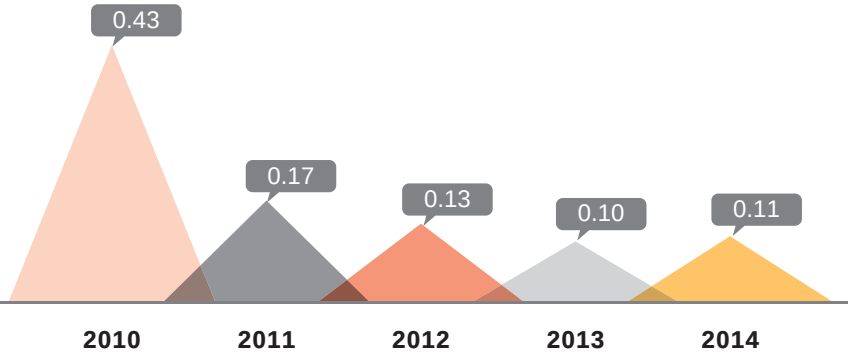

**Profit Before Taxation**
(RM'000)




**Net Earnings/(Loss) Per Share**
(SEN)

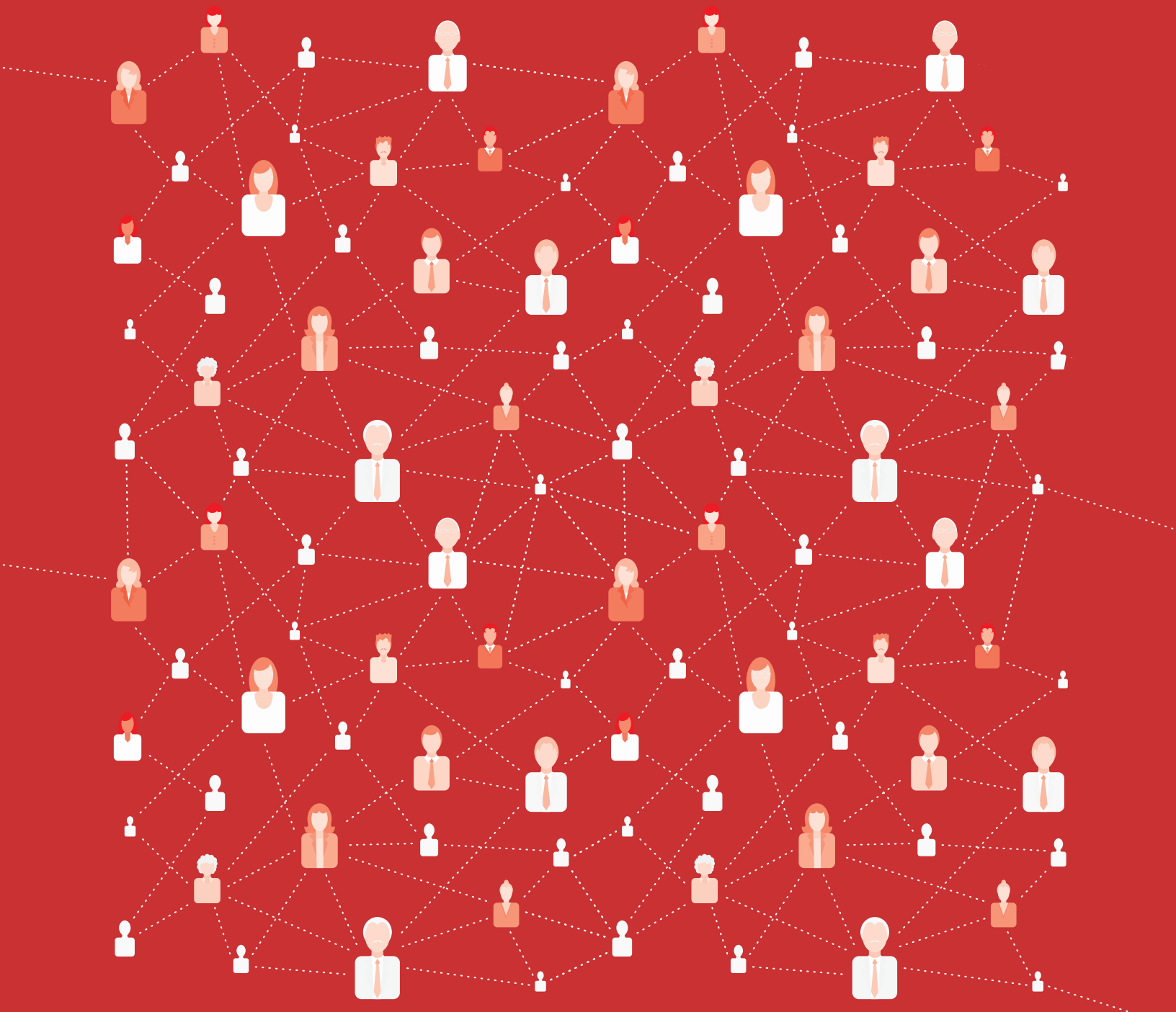



**Net Assets Per Share**
(RM)



# EMPOWERING MORE PEOPLE

Our technological solutions are enhancing productivity and profitability for our customers. We are empowering them with tools and services that profoundly enhance future possibilities.



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# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

*for the year ended 31 December 2014*

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

## CHANGE OF NAME

On 19 May 2014, the Company changed its name from TIME Engineering Berhad to Dagang NeXchange Berhad.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the year attributable to: | | |
| Owners of the Company | 12,215 | 2,602 |
| Non-controlling interests | 5,554 | - |
| | 17,769 | 2,602 |

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year under review are disclosed in the financial statements.

## DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year under review.

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

| | |
|---|---|
| Tan Sri Abdul Rahman Mamat | (Chairman) |
| Datuk Samsul Husin | |
| Zainal 'Abidin Abd Jalil | (appointed on 19 June 2014) |
| Dato' Wong Kam Yin | |
| Dato' Arif Ambrose Leonard Ng | |
| Rosli Abdullah | |
| Norlila Hassan | |
| Ang Hsin Hsien | |
| Satria Ahmad | (appointed on 5 June 2014) |
| Dato' Seri Zainul Azman Dato' Zainul Aziz | (resigned on 4 July 2014) |

## DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares of RM0.20 each | | | |
|---|---|---|---|---|
| | At 1.1.2014 | Bought | Sold | At 31.12.2014 |
| **Interests in the Company:** | | | | |
| Datuk Samsul Husin* | | | | |
| - Indirect | 349,112,731 | - | 45,000,000 | 304,112,731 |
| Norlila Hassan** | | | | |
| - Indirect | - | 20,000,000 | 20,000,000 | - |
| Dato' Arif Ambrose Leonard Ng | | | | |
| - Direct | 900,000 | - | - | 900,000 |
| Zainal 'Abidin Abd Jalil | | | | |
| - Direct | - | 5,000,000 | - | 5,000,000 |

* Deemed interest through Censof Holdings Berhad pursuant to Section 6A of the Companies Act, 1965.
** Deemed interest through her spouse pursuant to Section 134(12) of the Companies Act, 1965.

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate allowance had been made for impairment losses on receivables, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would further render the amount written off for bad debts, or the additional amount of the allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**SIGNIFICANT EVENTS**

The significant events are disclosed in Note 30 to the financial statements.

**SUBSEQUENT EVENTS**

The subsequent events are disclosed in Note 31 to the financial statements.

**AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Datuk Samsul Husin**

**Rosli Abdullah**

Kuala Lumpur,

Date: 24 February 2015

# STATEMENTS OF FINANCIAL POSITION

*at 31 December 2014*

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Plant and equipment | 3 | 14,143 | 15,639 | 60 | 12 |
| Intangible assets | 4 | 2,948 | 2,889 | - | 2 |
| Investments in subsidiaries | 5 | - | - | 68,345 | 70,045 |
| Trade and other receivables | 6 | 24,577 | 52,713 | - | - |
| **Total non-current assets** | | 41,668 | 71,241 | 68,405 | 70,059 |
| Trade and other receivables | 6 | 57,838 | 43,633 | 12,415 | 1,494 |
| Amount due from subsidiaries | 7 | - | - | 2,521 | 4,501 |
| Inventories | 8 | - | 65 | - | - |
| Tax recoverable | | 1,985 | 2,867 | 1,727 | 1,727 |
| Cash and cash equivalents | 9 | 70,828 | 64,401 | 1,792 | 5,220 |
| **Total current assets** | | 130,651 | 110,966 | 18,455 | 12,942 |
| **Total assets** | | 172,319 | 182,207 | 86,860 | 83,001 |
| **Equity** | | | | | |
| Share capital | 10 | 155,049 | 155,049 | 155,049 | 155,049 |
| Accumulated losses | | (68,859) | (81,074) | (71,321) | (73,923) |
| **Total equity attributable to owners of the Company** | | 86,190 | 73,975 | 83,728 | 81,126 |
| Non-controlling interests | 11 | 21,996 | 17,795 | - | - |
| **Total equity** | | 108,186 | 91,770 | 83,728 | 81,126 |
| **Liabilities** | | | | | |
| Deferred tax liabilities | 12 | 2,796 | 3,388 | - | - |
| Borrowing | 13 | 20,036 | 38,530 | - | - |
| Deferred income | 14 | 4,056 | 8,112 | - | - |
| **Total non-current liabilities** | | 26,888 | 50,030 | - | - |
| Trade and other payables | 15 | 17,312 | 21,908 | 2,611 | 1,845 |
| Borrowing | 13 | 18,494 | 18,494 | - | - |
| Amount due to subsidiaries | 7 | - | - | 521 | 30 |
| Tax payable | | 1,439 | 5 | - | - |
| **Total current liabilities** | | 37,245 | 40,407 | 3,132 | 1,875 |
| **Total liabilities** | | 64,133 | 90,437 | 3,132 | 1,875 |
| **Total equity and liabilities** | | 172,319 | 182,207 | 86,860 | 83,001 |

The notes on pages 66 to 113 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the year ended 31 December 2014*

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 16 | 86,802 | 85,800 | 3,857 | 7,170 |
| Cost of sales | | (16,721) | (24,324) | - | (163) |
| **Gross profit** | | 70,081 | 61,476 | 3,857 | 7,007 |
| Sales and marketing expenses | | (995) | (1,640) | - | - |
| Administrative expenses | | (6,904) | (8,056) | (1,187) | (1,930) |
| Other operating expenses | | (36,309) | (47,431) | (11,180) | (60,730) |
| Other operating income | 17 | 2,422 | 1,146 | 11,014 | 6,336 |
| **Results from operating activities** | | 28,295 | 5,495 | 2,504 | (49,317) |
| Finance costs | 18 | (2,390) | (3,442) | - | - |
| Finance income | 18 | 1,772 | 1,851 | 98 | 405 |
| **Profit/(Loss) before tax** | 19 | 27,677 | 3,904 | 2,602 | (48,912) |
| Zakat | | (259) | (266) | - | - |
| Tax expense | 20 | (9,649) | (3,659) | - | - |
| **Profit/(Loss) for the year/Total comprehensive income/(loss) for the year** | | 17,769 | (21) | 2,602 | (48,912) |
| **Profit/(Loss) for the year/Total comprehensive income/ (loss) attributable to:** | | | | | |
| Owners of the Company | | 12,215 | (5,971) | 2,602 | (48,912) |
| Non-controlling interests | | 5,554 | 5,950 | - | - |
| **Profit/(Loss) for the year/ Total comprehensive income/(loss) for the year** | | 17,769 | (21) | 2,602 | (48,912) |
| Basic earnings/(loss) per ordinary share (sen) | 21 | 1.58 | (0.77) | | |

The notes on pages 66 to 113 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

*for the year ended 31 December 2014*

| | | *Attributable to the owners of the Company* | | | | |
|---|---|---|---|---|---|---|
| | | *Non- distributable* | | | | |
| **Group** | **Note** | **Share capital RM'000** | **Accumulated losses RM'000** | **Total RM'000** | **Non-controlling interests RM'000** | **Total equity RM'000** |
| **At 1 January 2013** | | 155,049 | (51,846) | 103,203 | 11,845 | 115,048 |
| Loss for the year | | - | (5,971) | (5,971) | 5,950 | (21) |
| **Total comprehensive (loss)/income for the year** | | - | (5,971) | (5,971) | 5,950 | (21) |
| Dividends to owners of the Company | 22 | - | (23,257) | (23,257) | - | (23,257) |
| **Total transactions with owners** | | - | (23,257) | (23,257) | - | (23,257) |
| **At 31 December 2013/1 January 2014** | | 155,049 | (81,074) | 73,975 | 17,795 | 91,770 |
| Profit for the year | | - | 12,215 | 12,215 | 5,554 | 17,769 |
| **Total comprehensive income for the year** | | - | 12,215 | 12,215 | 5,554 | 17,769 |
| Contributions by and distribution to owners of the Company | | | | | | |
| Dividend paid by a subsidiary to non-controlling interests | | - | - | - | (1,553) | (1,553) |
| Issue of share capital of a subsidiary to non-controlling interests | | - | - | - | 200 | 200 |
| **Total transactions with non-controlling interests** | | - | - | - | (1,353) | (1,353) |
| **At 31 December 2014** | | 155,049 | (68,859) | 86,190 | 21,996 | 108,186 |
| | | Note 10 | | | Note 11 | |

| | | *Attributable to the owners of the Company* | | |
|---|---|---|---|---|
| | | *Non-distributable* | | |
| **Company** | **Note** | **Share capital RM'000** | **Accumulated losses RM'000** | **Total RM'000** |
| **At 1 January 2013** | | 155,049 | (1,754) | 153,295 |
| Loss for the year | | - | (48,912) | (48,912) |
| **Total comprehensive loss for the year** | | - | (48,912) | (48,912) |
| Dividends to owners of the Company | 22 | - | (23,257) | (23,257) |
| **Total distribution to owners** | | - | (23,257) | (23,257) |
| **At 31 December 2013/1 January 2014** | | 155,049 | (73,923) | 81,126 |
| Profit for the year | | - | 2,602 | 2,602 |
| **Total comprehensive income for the year** | | - | 2,602 | 2,602 |
| **At 31 December 2014** | | 155,049 | (71,321) | 83,728 |
| | | Note 10 | | |

The notes on pages 66 to 113 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

*for the year ended 31 December 2014*

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| **Cash flows from operating activities** | | | | | |
| Dividends received from investees | | - | - | 3,847 | 26,341 |
| Management fee received from subsidiaries | | - | - | 12,764 | 870 |
| Cash receipts from customers | | 107,708 | 110,600 | 818 | 191 |
| Cash payments to suppliers | | (17,663) | (22,786) | (105) | (121) |
| Cash payments to employees and for expenses | | (38,560) | (51,394) | (9,101) | (6,281) |
| **Cash flows generated from operating activities** | | 51,485 | 36,420 | 8,223 | 21,000 |
| Net taxation | | (7,926) | (4,013) | - | - |
| Interest and other income received | | - | - | 98 | 405 |
| Zakat paid | | (259) | (266) | - | - |
| **Net cash generated from operating activities** | | 43,300 | 32,141 | 8,321 | 21,405 |
| **Cash flows from investing activities** | | | | | |
| Advances to subsidiaries | | - | - | (4,778) | (14,640) |
| Interest received | | 1,772 | 1,851 | - | - |
| Proceeds from disposal of plant and equipment | | 611 | - | - | - |
| Purchase of plant and equipment, and intangible assets | | (6,783) | (2,883) | (82) | (3) |
| Acquisition of subsidiaries | | - | - | (800) | - |
| Initial deposit for acquisition of investments | | (10,153) | - | (10,153) | - |
| **Net cash used in investing activities** | | (14,553) | (1,032) | (15,813) | (14,643) |
| **Cash flows from financing activities** | | | | | |
| Dividend paid by a subsidiary to non-controlling interests | | (1,553) | (8,539) | - | - |
| Dividend paid to owners of the Company | 22 | - | (23,257) | - | (23,257) |
| Interest paid | | (2,473) | (3,311) | - | - |
| (Increase)/Decrease in pledged deposits and restricted cash | | (5,550) | 1,386 | - | - |
| Payment from subsidiary companies | | - | - | 4,064 | - |
| Proceeds from issue of share capital of a subsidiary company | | 200 | - | - | - |
| Repayment of borrowing | | (18,494) | (16,954) | - | - |
| Drawdown of term loan | | - | 6,592 | - | - |
| **Net cash (used in)/generated from financing activities** | | (27,870) | (44,083) | 4,064 | (23,257) |
| Net change in cash and cash equivalents | | 877 | (12,974) | (3,428) | (16,495) |
| Cash and cash equivalents at 1 January | | 62,733 | 75,707 | 5,220 | 21,715 |
| **Cash and cash equivalents at 31 December** | (i) | 63,610 | 62,733 | 1,792 | 5,220 |

**Notes to the statements of cash flows**

*i) Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| **Current** | | | | |
| *Restricted and pledged* | | | | |
| - Cash and bank balances | 7,218 | 1,668 | - | - |
| - Deposits with licensed banks | - | - | - | - |
| | 7,218 | 1,668 | - | - |
| *Unrestricted* | | | | |
| - Cash and bank balances | 11,945 | 4,195 | 1,792 | 713 |
| - Deposits with licensed banks | 51,665 | 58,538 | - | 4,507 |
| | 63,610 | 62,733 | 1,792 | 5,220 |
| | 70,828 | 64,401 | 1,792 | 5,220 |
| Less: Cash and cash equivalents pledged as security | (7,218) | (1,668) | - | - |
| | 63,610 | 62,733 | 1,792 | 5,220 |

The notes on pages 66 to 113 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Dagang NeXchange Berhad (formerly known as TIME Engineering Berhad) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

**Registered office and principal place of business**
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 February 2015.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

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.

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|---|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2017 |
| Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception | 1 January 2016 |
| Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative | 1 January 2016 |
| Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants | 1 January 2016 |
| Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions | 1 July 2014 |
| Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements | 1 January 2016 |
| Annual Improvements to MFRSs 2010 – 2012 Cycle | 1 July 2014 |
| Annual Improvements to MFRSs 2011 – 2013 Cycle | 1 July 2014 |
| Annual Improvements to MFRSs 2012 – 2014 Cycle | 1 January 2016 |

The above accounting standard(s) and/or interpretation(s) (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

(ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

## 1. BASIS OF PREPARATION (CONTINUED)

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than the Group's contract for the implementation of National Single Window ("NSW") which will be ending in September 2016. Thus, there can be no assurance that the Group will be able to continue to enjoy the similar level of revenue in the event that the NSW contract is not successfully renewed.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power as an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Basis of consolidation (continued)**

**(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

**(c) Financial instruments**

**(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets***

***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Plant and equipment**

**(i) Recognition and measurement**

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| • Office renovations | 5 years |
| • Plant and machinery | 3 - 5 years |
| • Office equipment, furniture and fittings | 5 - 10 years |
| • Computer equipment | 3 years |

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leased assets

**Operating lease**

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### (f) Intangible assets

**(i) Goodwill**

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

**(ii) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

**(iii) Other intangible assets**

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**(iv) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Intangible assets (continued)**

**(v) Amortisation**

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful live of capitalised development costs and software is 3 years respectively.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(h) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and restricted cash.

**(i) Impairment**

**(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Impairment (continued)**

**(i) Financial assets (continued)**

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(k) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(iii) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(m) Revenue and other income**

**(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**(ii) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue and other income (continued)

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) Rental income

Rental income is recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (vi) Deferred income

Revenue invoiced in advance is deferred and recognised as revenue upon provision of the service.

### (n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

### (q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Deputy Chairman of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### (r) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## 3. PLANT AND EQUIPMENT

| **Group**<br>***Cost*** | **Office renovations RM'000** | **Plant and machinery RM'000** | **Office equipment, furniture and fittings RM'000** | **Computer equipment RM'000** | **Capital work-in-progress RM'000** | **Total RM'000** |
|---|---|---|---|---|---|---|
| At 1 January 2013 | 4,142 | 25,476 | 2,621 | 41,107 | 5,870 | 79,216 |
| Additions | 126 | 51 | 46 | 936 | 1,194 | 2,353 |
| Disposals | - | - | - | (3,370) | - | (3,370) |
| Written off | (110) | - | (280) | (6,207) | - | (6,597) |
| Reclassifications | 52 | - | 7 | 6,226 | (6,285) | - |
| At 31 December 2013/1 January 2014 | 4,210 | 25,527 | 2,394 | 38,692 | 779 | 71,602 |
| Additions | - | - | 14 | 2,942 | 3,809 | 6,765 |
| Disposals | (8) | (7,493) | (74) | (128) | - | (7,703) |
| Written off | (523) | (5,454) | (334) | (1,446) | - | (7,757) |
| Reclassifications | 200 | - | 37 | 3,398 | (3,635) | - |
| At 31 December 2014 | 3,879 | 12,580 | 2,037 | 43,458 | 953 | 62,907 |

**3. PLANT AND EQUIPMENT (CONTINUED)**

| Group (continued) | Office renovations RM'000 | Plant and machinery RM'000 | Office equipment, furniture and fittings RM'000 | Computer equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| ***Accumulated depreciation and impairment loss*** | | | | | | |
| At 1 January 2013 | | | | | | |
| Accumulated depreciation | 3,145 | 7,259 | 1,685 | 30,819 | - | 42,908 |
| Accumulated impairment loss | - | 1,702 | - | - | - | 1,702 |
| | 3,145 | 8,961 | 1,685 | 30,819 | - | 44,610 |
| Depreciation charge | 858 | 4,270 | 188 | 6,221 | - | 11,537 |
| Disposals | - | - | - | (3,370) | - | (3,370) |
| Written off | (108) | - | (280) | (6,207) | - | (6,595) |
| Impairment loss | - | 9,781 | - | - | - | 9,781 |
| At 31 December 2013/1 January 2014 | | | | | | |
| Accumulated depreciation | 3,895 | 11,529 | 1,593 | 27,463 | - | 44,480 |
| Accumulated impairment loss | - | 11,483 | - | - | - | 11,483 |
| | 3,895 | 23,012 | 1,593 | 27,463 | - | 55,963 |
| Depreciation charge | 169 | 222 | 167 | 7,387 | - | 7,945 |
| Disposals | (4) | (3,124) | (49) | (128) | - | (3,305) |
| Written off | (523) | (3,082) | (326) | (1,235) | - | (5,166) |
| Impairment loss | - | (6,673) | - | - | - | (6,673) |
| At 31 December 2014 | | | | | | |
| Accumulated depreciation | 3,537 | 5,545 | 1,385 | 33,487 | - | 43,954 |
| Accumulated impairment loss | - | 4,810 | - | - | - | 4,810 |
| | 3,537 | 10,355 | 1,385 | 33,487 | - | 48,764 |
| ***Carrying amounts*** | | | | | | |
| At 1 January 2013 | 997 | 16,515 | 936 | 10,288 | 5,870 | 34,606 |
| At 31 December 2013/1 January 2014 | 315 | 2,515 | 801 | 11,229 | 779 | 15,639 |
| At 31 December 2014 | 342 | 2,225 | 652 | 9,971 | 953 | 14,143 |

**3. PLANT AND EQUIPMENT (CONTINUED)**

| Company<br>Cost | Office renovations RM'000 | Office equipment, furniture and fittings RM'000 | Computer equipment RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2013 | 13 | 111 | 301 | 425 |
| Additions | - | 3 | - | 3 |
| At 31 December 2013/1 January 2014 | 13 | 114 | 301 | 428 |
| Additions | - | 2 | 80 | 82 |
| At 31 December 2014 | 13 | 116 | 381 | 510 |
| ***Accumulated depreciation*** | | | | |
| At 1 January 2013 | 13 | 92 | 297 | 402 |
| Depreciation charge | - | 10 | 4 | 14 |
| At 31 December 2013/1 January 2014 | 13 | 102 | 301 | 416 |
| Depreciation charge | - | 7 | 27 | 34 |
| At 31 December 2014 | 13 | 109 | 328 | 450 |
| ***Carrying amounts*** | | | | |
| At 1 January 2013 | - | 19 | 4 | 23 |
| At 31 December 2013/1 January 2014 | - | 12 | - | 12 |
| At 31 December 2014 | - | 7 | 53 | 60 |

**4. INTANGIBLE ASSETS (CONTINUED)**

| Group<br>Cost | Software in progress RM'000 | Software RM'000 | Development expenditure RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2013 | 1,272 | 20,334 | 315 | 21,921 |
| Additions | 555 | 162 | - | 717 |
| Transfer from other receivables | - | 728 | - | 728 |
| Reclassifications | (1,099) | 1,099 | - | - |
| At 31 December 2013/1 January 2014 | 728 | 22,323 | 315 | 23,366 |
| Additions | 861 | 435 | - | 1,296 |
| Adjustment | (70) | - | - | (70) |
| Reclassifications | (230) | 230 | - | - |
| At 31 December 2014 | 1,289 | 22,988 | 315 | 24,592 |
| ***Accumulated amortisation and impairment loss*** | | | | |
| At 1 January 2013 | | | | |
| Accumulated amortisation | - | 18,101 | 315 | 18,416 |
| Accumulated impairment loss | - | 192 | - | 192 |
| | - | 18,293 | 315 | 18,608 |
| Amortisation for the year | - | 1,383 | - | 1,383 |
| Transfer from other receivables | - | 486 | - | 486 |
| At 31 December 2013/1 January 2014 | | | | |
| Accumulated amortisation | - | 19,970 | 315 | 20,285 |
| Accumulated impairment loss | - | 192 | - | 192 |
| | - | 20,162 | 315 | 20,477 |
| Amortisation for the year | - | 1,167 | - | 1,167 |
| At 31 December 2014 | | | | |
| Accumulated amortisation | - | 21,137 | 315 | 21,452 |
| Accumulated impairment loss | - | 192 | - | 192 |
| At 31 December 2014 | - | 21,329 | 315 | 21,644 |
| ***Carrying amounts*** | | | | |
| At 1 January 2013 | 1,272 | 2,041 | - | 3,313 |
| At 31 December 2013/1 January 2014 | 728 | 2,161 | - | 2,889 |
| At 31 December 2014 | 1,289 | 1,659 | - | 2,948 |

## 4. INTANGIBLE ASSETS (CONTINUED)

| Company<br>Cost | Software<br>RM'000 |
|---|---|
| At 1 January 2013/31 December 2013/1 January 2014/31 December 2014 | 448 |
| ***Accumulated amortisation*** | |
| At 1 January 2013 | 443 |
| Amortisation for the year | 3 |
| At 31 December 2013/1 January 2014 | 446 |
| Amortisation for the year | 2 |
| At 31 December 2014 | 448 |
| ***Carrying amounts*** | |
| At 1 January 2013 | 5 |
| At 31 December 2013/1 January 2014 | 2 |
| At 31 December 2014 | - |

## 5. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2014<br>RM'000 | 2013<br>RM'000 |
| At cost | | |
| Unquoted shares | 110,845 | 110,045 |
| Less: Impairment loss | (42,500) | (40,000) |
| | 68,345 | 70,045 |

The movements in the allowance for impairment losses of investments in subsidiaries during the financial year were:

| | Company | |
|---|---|---|
| | 2014<br>RM'000 | 2013<br>RM'000 |
| At 1 January | 40,000 | 40,000 |
| Impairment loss recognised | 2,500 | - |
| At 31 December | 42,500 | 40,000 |

**5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The principal activities of the companies in the Group, all incorporated in Malaysia and the interests of Dagang NeXchange Berhad (formerly known as TIME Engineering Berhad) are shown below:

| Name of subsidiary | Principal activities | Effective Ownership Interest 2014 % | Effective Ownership Interest 2013 % |
|---|---|---|---|
| ***Information Communication Technology*** | | | |
| Dagang Net Technologies Sdn. Bhd. | Development, management and provision of business to government (B2G) e-commerce and computerised transaction facilitation services. | 71.25 | 71.25 |
| DNeX Solutions Sdn. Bhd. (formerly known as TEB Systems Integrators Sdn. Bhd.) | Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management. | 100 | 100 |
| DNeX Technology Sdn. Bhd. (formerly known as TEB Quantum Technology Sdn. Bhd.) | Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals. | 100 | 100 |
| DNeX Hallmark e-Commerce Sdn. Bhd. (formerly known as Nation Hallmark Sdn. Bhd.) | Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal. | 80 | - |
| ***Oil and Gas*** | | | |
| DNeX Petroleum Sdn. Bhd. (formerly known as Sterling Marque Sdn. Bhd.) | Providing upstream oil and gas exploration and production. | 100 | - |

The Company assessed the recoverable amount of the investments in the subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period.

The financial position of the Company's subsidiary as at end of the current reporting period has declined in the current financial year which was attributed to DNeX Solutions Sdn. Bhd. which reported a loss after taxation amounting to RM1,447,398 in the current financial year.

## 5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

| | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| **NCI percentage of ownership interest and voting interest** | | |
| **- Dagang Net Technologies Sdn. Bhd.** | 28.75% | 28.75% |
| **- DNeX Hallmark e-Commerce Sdn. Bhd.** | 20.00% | - |
| Carrying amount of NCI | 21,996 | 17,795 |
| Profit allocated to NCI | 5,554 | 5,950 |

**Summarised financial information before intra-group elimination**

| | Dagang Net Technologies Sdn. Bhd. | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| **As at 31 December** | | |
| Non-current assets | 16,457 | 15,899 |
| Current assets | 72,471 | 66,877 |
| Non-current liabilities | (2,796) | (3,388) |
| Current liabilities | (11,693) | (17,491) |
| Net assets | 74,439 | 61,897 |
| **Year end 31 December** | | |
| Revenue | 77,338 | 73,488 |
| Profit for the year | 17,942 | 20,694 |
| Total comprehensive income | 17,942 | 20,694 |
| Net cash flows from operating activities | 17,553 | 31,192 |
| Net cash flows used in investing activities | (6,935) | (1,491) |
| Net cash flows used in financing activities | (5,400) | (29,700) |
| Dividends paid to NCI | 1,553 | - |

## 5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Summarised financial information before intra-group elimination (Continued)**

| | DNeX Hallmark e-Commerce Sdn. Bhd. | |
|---|---|---|
| | **2014** | **2013** |
| | **RM'000** | **RM'000** |
| **As at 31 December** | | |
| Non-current assets | 427 | - |
| Current assets | 3,999 | - |
| Current liabilities | (1,452) | - |
| Net assets | 2,974 | - |
| **Period end 31 December** | | |
| Revenue | 3,256 | - |
| Profit for the period | 1,974 | - |
| Total comprehensive income | 1,974 | - |
| Net cash flows used in operating activities | (42) | - |
| Net cash flows used in investing activities | (178) | - |
| Net cash flows from financing activities | 1,000 | - |

## 6. TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2014** | **2013** | **2014** | **2013** |
| | | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Non-current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | 6.1 | 22,080 | 48,426 | - | - |
| Less: Fair value adjustment | | (1,246) | (3,199) | - | - |
| | | 20,834 | 45,227 | - | - |
| Prepayments | 6.2 | 3,743 | 7,486 | - | - |
| | | 24,577 | 52,713 | - | - |

## 6. TRADE AND OTHER RECEIVABLES (CONTINUED)

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | 6.1 | 37,092 | 33,547 | - | - |
| Less: Impairment loss | | (678) | (669) | - | - |
| | | 36,414 | 32,878 | - | - |
| Prepayments | 6.2 | 3,743 | 3,743 | - | - |
| | | 40,157 | 36,621 | - | - |
| **Non-trade** | | | | | |
| Other receivables | 6.3 | 15,823 | 4,921 | 12,574 | 1,957 |
| Less: Impairment loss | | (295) | (769) | (173) | (670) |
| Transfer to intangible assets | 4 | - | (242) | - | - |
| | | 15,528 | 3,910 | 12,401 | 1,287 |
| Prepayments | | 2,153 | 3,102 | 14 | 207 |
| | | 17,681 | 7,012 | 12,415 | 1,494 |
| | | 57,838 | 43,633 | 12,415 | 1,494 |
| | | 82,415 | 96,346 | 12,415 | 1,494 |

6.1 Included in trade receivables of the Group is an amount of RM45,084,422 (2013: RM71,394,663) owing by a receivable that will be collected over 24 months (2013: 36 months).

During the year, the Group and the Company have written off receivables of RM738,634 (2013: RM1,045,000) and RM208,000 (2013: RM45,000) respectively against impairment loss.

6.2 Included in prepayments is an amount of RM7,485,980 (2013: RM11,228,972) for future services that was billed in advance by a supplier. The current portion and non-current portion is RM3,742,990 (2013: RM3,742,991) and RM3,742,990 (2013: RM7,485,981) respectively.

6.3 Included in other receivables of the Company is an amount of RM10,153,000 (2013: RMNil) for initial deposits paid for the acquisitions of new subsidiaries as disclosed in Note 30 to the financial statements.

## 7. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries consist of the following:

| | Company | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| Amount due from subsidiaries | | |
| - Non-trade | 2,521 | 4,501 |
| Amount due to subsidiaries | | |
| - Trade | (155) | (30) |
| - Non-trade | (366) | - |
| | (521) | (30) |

The trade amount due to subsidiaries is subject to the normal trade terms.

The non-trade amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

## 8. INVENTORIES

| | Group | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| At cost: | | |
| Finished goods - prepaid stock | - | 65 |

## 9. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| **Current** | | | | |
| Deposits with licensed banks | 51,665 | 58,538 | - | 4,507 |
| Cash and bank balances | 19,163 | 5,863 | 1,792 | 713 |
| | 70,828 | 64,401 | 1,792 | 5,220 |

Included in cash and cash equivalents of the Group are:

i) Bank balance of RM7,218,125 (2013: RM1,668,000) which is restricted and held in an Escrow Account whereby part of the proceeds from a receivable will be used to repay to lenders that have granted credit facilities to a subsidiary.

## 10. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Amount 2014 RM'000 | Number of shares 2014 '000 | Amount 2013 RM'000 | Number of shares 2013 '000 |
| Authorised: | | | | |
| Ordinary shares of RM0.20 each | 2,000,000 | 10,000,000 | 2,000,000 | 10,000,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM0.20 each | 155,049 | 775,245 | 155,049 | 775,245 |

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 11. NON-CONTROLLING SHAREHOLDERS' INTERESTS

This consists of the non-controlling shareholders' proportion of share capital and reserves in subsidiaries.

## 12. DEFERRED TAX LIABILITIES

**Recognised deferred tax assets/(liabilities)**

Deferred tax assets/(liabilities) of the Group are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| Group | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Plant and equipment, intangible assets | - | - | (2,889) | (3,439) | (2,889) | (3,439) |
| Provisions | 93 | 51 | - | - | 93 | 51 |
| Net deferred tax assets/(liabilities) | 93 | 51 | (2,889) | (3,439) | (2,796) | (3,388) |

## 12. DEFERRED TAX LIABILITIES (CONTINUED)

**Movement in temporary differences during the year**

| Group | At 1.1.2013 RM'000 | Recognised in profit or loss (Note 20) RM'000 | At 31.12.2013 RM'000 | Recognised in profit or loss (Note 20) RM'000 | At 31.12.2014 RM'000 |
|---|---|---|---|---|---|
| Plant and equipment, intangible assets | (2,837) | (602) | (3,439) | 550 | (2,889) |
| Provisions | 239 | (188) | 51 | 42 | 93 |
| | (2,598) | (790) | (3,388) | 592 | (2,796) |

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Unutilised tax losses | 29,752 | 34,211 | 23,780 | 30,753 |
| Unabsorbed capital allowances | 788 | 951 | - | 204 |
| Plant and equipment, intangible assets | (153) | (842) | (45) | 9 |
| Provisions | 478 | 1,156 | 173 | 670 |
| | 30,865 | 35,476 | 23,908 | 31,636 |
| Unrecognised deferred tax assets | 7,716 | 8,869 | 5,977 | 7,909 |

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

## 13. BORROWING

| | Group | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| **Non-current** | | |
| Term loan | 20,036 | 38,530 |
| **Current** | | |
| Term loan | 18,494 | 18,494 |
| | 38,530 | 57,024 |

## 13. BORROWING (CONTINUED)

The term loan is secured, repayable in equal installment over an outstanding period of 24 months (2013: 36 months) and subject to interest rate of 1% (2013: 1%) per annum above cost of fund.

The term loan is secured by way of a charge over all monies in a designated Escrow Account maintained by a receivable (Note 9) and a corporate guarantee issued by the Company.

## 14. DEFERRED INCOME

| | | Group | |
|---|---|---|---|
| | Note | 2014 RM'000 | 2013 RM'000 |
| **Non-current** | | | |
| Deferred income | | 4,056 | 8,112 |
| **Current** | | | |
| Deferred income | 15 | 4,094 | 4,056 |
| | | 8,150 | 12,168 |

The contract pursuant to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges undertaken by the Group in 2012 included the maintenance of equipment for a period of four years from the date of commissioning. A certain portion of the contract value in relation to the maintenance service is recognised as deferred income and amortised over the contractual period of 48 months which will end by 2016.

## 15. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| **Trade** | | | | | |
| Trade payables | | 370 | 741 | - | - |
| **Non-trade** | | | | | |
| Other payables and accrued expenses | 15.1 | 16,779 | 20,356 | 2,611 | 1,845 |
| Interest payable | | | | | |
| - Borrowing | | 163 | 246 | - | - |
| Provision | 15.2 | - | 565 | - | - |
| | | 16,942 | 21,167 | 2,611 | 1,845 |
| | | 17,312 | 21,908 | 2,611 | 1,845 |

15.1 Included in other payables is a deferred income of RM4,093,743 (Note 14) (2013: RM4,056,243) that was billed in advance to a customer.

15.2 The provision related to an estimated cost of legal claim in the previous financial year arose from an action brought by a sub-contractor. The legal claim was settled in the previous financial year.

## 16. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Sale of goods | 5,926 | 11,625 | - | - |
| Rendering of services | 80,876 | 74,175 | 10 | 263 |
| Gross dividend income from: | | | | |
| - Subsidiary company | - | - | 3,847 | 6,907 |
| | 86,802 | 85,800 | 3,857 | 7,170 |

## 17. OTHER OPERATING INCOME

Included in other operating income are the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Bad debts recovered | 75 | 42 | - | - |
| Gain on disposal of plant and equipment | 576 | 120 | - | - |
| Gain on foreign exchange: | | | | |
| - realised | 5 | - | - | - |
| - unrealised | 6 | 5 | - | - |
| Management fee | - | - | 10,018 | 5,772 |
| Rental income | 319 | - | - | - |
| Reversal of impairment loss: | | | | |
| - Trade receivables | 389 | 910 | - | - |
| - Other receivables | 303 | 39 | 303 | 39 |

## 18. FINANCE COSTS/(INCOME)

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Finance charges/interest expense on: | | | | |
| Interest on borrowing | 2,390 | 3,369 | - | - |
| Others | - | 73 | - | - |
| | 2,390 | 3,442 | - | - |
| Finance income: | | | | |
| Interest from investment in deposits placed with licensed bank | (1,772) | (1,851) | (98) | (405) |

**19. PROFIT/(LOSS) BEFORE TAX**

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Profit/(Loss) before tax is arrived at after charging: | | | | |
| Amortisation of intangible assets | 1,167 | 1,383 | 2 | 3 |
| Auditors' remuneration:- | | | | |
| - Audit fees | 155 | 175 | 70 | 65 |
| - Non-audit fees | 103 | 22 | 103 | 22 |
| Depreciation of plant and equipment | 7,945 | 11,537 | 34 | 14 |
| Directors' remuneration | 2,828 | 1,048 | 2,723 | 904 |
| Impairment loss of:- | | | | |
| - Investments in subsidiaries | - | - | 2,500 | - |
| - Plant and equipment | - | 9,781 | - | - |
| - Trade receivables | 930 | 739 | - | - |
| - Other receivables | 35 | 227 | 14 | 131 |
| Loss on disposal of plant and equipment | 41 | - | - | - |
| Personnel expenses:- | | | | |
| - Contributions to Employees Provident Fund | 2,845 | 2,128 | 350 | 253 |
| - Wages, salaries and others | 22,730 | 16,083 | 4,206 | 2,011 |
| - Termination benefits | 622 | - | - | - |
| Plant and equipment written off | 218 | 2 | - | - |
| Provision for legal claim | - | 3,044 | - | - |
| Realised loss on foreign exchange | 10 | 21 | 4 | - |
| Rental of premises payable to: | | | | |
| - Related company | - | - | 295 | 632 |
| - Others | 2,867 | 2,888 | - | - |
| Rental of site and equipment | 279 | 106 | 134 | 412 |
| Rental of storage and others | 111 | 103 | 47 | 48 |
| Waiver of debts owed by subsidiaries | - | - | - | 55,701 |

## 20. TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| ***Recognised in profit or loss*** | | | | |
| **Current tax expense** | | | | |
| - Current year | 7,533 | 2,383 | - | - |
| - Under provision in prior year | 2,708 | 486 | - | - |
| Total current tax expense | 10,241 | 2,869 | - | - |
| **Deferred tax expense (Note 12)** | | | | |
| - Current year | (592) | 243 | - | - |
| - Under provision in prior year | - | 547 | - | - |
| Total deferred tax expense | (592) | 790 | - | - |
| Total tax expense | 9,649 | 3,659 | - | - |
| **Reconciliation of tax expense** | | | | |
| Net profit/(loss) after tax | 17,769 | (21) | 2,602 | (48,912) |
| Total tax expense | 9,649 | 3,659 | - | - |
| Zakat payment | 259 | 266 | - | - |
| Net profit/(loss) excluding tax and Zakat | 27,677 | 3,904 | 2,602 | (48,912) |
| Income tax using Malaysian tax rate of 25% (2013: 25%) | 6,919 | 976 | 650 | (12,228) |
| Income not subject to tax | (187) | (16,575) | (199) | (140) |
| Expenses not deductible for tax purposes | 2,000 | 16,331 | 1,481 | 13,417 |
| Income tax exempted from tax due to pioneer status | (546) | - | - | - |
| Effect of unrecognised deferred tax assets | 779 | 1,894 | - | - |
| Recognition of previously unrecognised deferred tax assets | (1,932) | - | (1,932) | (1,049) |
| Others | (92) | - | - | - |
| | 6,941 | 2,626 | - | - |
| Under provision of tax expense in prior year | 2,708 | 486 | - | - |
| Under provision of deferred tax expense in prior year | - | 547 | - | - |
| Total tax expense | 9,649 | 3,659 | - | - |

A subsidiary of the Group has been granted the MSC Malaysia status. This qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investment Act 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities as at the end of the reporting period.

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

## 21. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per share at 31 December 2014 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

| | Group | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| Profit/(Loss) for the year attributable to shareholders | 12,215 | (5,971) |

| | Group | |
|---|---|---|
| | **2014 '000** | **2013 '000** |
| Weighted average number ordinary shares at 31 December | 775,245 | 775,245 |

| | Group | |
|---|---|---|
| | **2014 Sen** | **2013 Sen** |
| Basic earnings/(loss) per ordinary share | 1.58 | (0.77) |

The diluted earnings/(loss) per ordinary share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

## 22. DIVIDENDS

| | **Sen per share (net of tax)** | **Total amount RM'000** | **Date of payment** |
|---|---|---|---|
| **2013** | | | |
| Final 2012 ordinary | 3.0 | 23,257 | 12 July 2013 |

## 23. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired:

(i) an 80% equity interest in DNeX Hallmark e-Commerce Sdn. Bhd. ("DHSB") (formerly known as Nation Hallmark Sdn. Bhd.) comprising 800,000 ordinary shares of RM1.00 each for a total cash consideration of RM800,000 which represents 80% issued and paid-up capital of DHSB. The non-controlling interests of DHSB are measured at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition; and

(ii) a 100% equity interest in DNeX Petroleum Sdn. Bhd. ("DPSB") (formerly known as Sterling Marque Sdn. Bhd.) comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2 which represents the entire issued and paid-up capital of DPSB.

## 23. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair values of the identifiable assets acquired and liabilities assumed of the subsidiaries as at the date of acquisition have no material impact on the financial statements of the Group.

The acquired subsidiaries have contributed the following results to the Group:

| | 2014<br>RM'000 |
|---|---|
| Revenue | 3,256 |
| Profit after taxation | 1,954 |

## 24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which represent the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different technical expertise and marketing strategies. For each of the strategic business unit, the Executive Deputy Chairman of the Group reviews internal management report on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

**(a) Corporate**

The Company is an investment holding company. The segment is in provision of corporate services to the entities within the Group.

**(b) Information communication technology**

Supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management and provision of business to government (B2G) e-commerce and computerised transaction facilitation services, providing of cyber security solutions, managed services, project fulfilment, assets maintenance and contact centres.

The non-reportable segment comprise operations related to oil and gas acquired during the financial year. This segment was not reported as the segment is dormant.

**Segment assets**

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group. Segment total assets is used to measure the return of assets of each segment.

**Segment liabilities**

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment and intangible assets other than goodwill.

**24. OPERATING SEGMENTS (CONTINUED)**

| Business segment<br>2014 | Information Communication Technology<br>RM'000 | Corporate<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---|---|---|---|---|
| ***Business segments*** | | | | |
| Revenue from external customers | 86,792 | 10 | - | 86,802 |
| Inter-segment revenue | 1,903 | 3,847 | (5,750) | - |
| **Total revenue** | 88,695 | 3,857 | (5,750) | 86,802 |
| **Segment result** | | | | |
| Profit from operations | 26,945 | 1,350 | - | 28,295 |
| Finance costs | | | | (2,390) |
| Interest income | | | | 1,772 |
| Profit before tax | | | | 27,677 |
| Zakat | | | | (259) |
| Tax expense | | | | (9,649) |
| Net profit after tax | | | | 17,769 |
| Attributable to: | | | | |
| Owners of the Company | | | | 12,215 |
| Non-controlling interests | | | | 5,554 |
| **Net profit for the year** | | | | 17,769 |
| **Segment assets** | 157,634 | 86,867 | (72,182) | 172,319 |
| **Segment liabilities** | 64,810 | 3,160 | (3,837) | 64,133 |
| Capital expenditure | 7,979 | 82 | - | 8,061 |
| Depreciation and amortisation | 9,076 | 36 | - | 9,112 |
| Impairment loss: | | | | |
| - Trade receivables | 930 | - | - | 930 |
| - Other receivables | 21 | 14 | - | 35 |

**24. OPERATING SEGMENTS (CONTINUED)**

| Business segment<br>**2013** | Information Communication Technology<br>RM'000 | Corporate<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---|---|---|---|---|
| ***Business segments*** | | | | |
| Revenue from external customers | 85,537 | 263 | - | 85,800 |
| Inter-segment revenue | 1,950 | 6,907 | (8,857) | - |
| **Total revenue** | 87,487 | 7,170 | (8,857) | 85,800 |
| **Segment result** | | | | |
| Profit/(Loss) from operations | 11,483 | (5,988) | - | 5,495 |
| Finance costs | | | | (3,442) |
| Interest income | | | | 1,851 |
| Profit before tax | | | | 3,904 |
| Zakat | | | | (266) |
| Tax expense | | | | (3,659) |
| Net loss after tax | | | | (21) |
| Attributable to: | | | | |
| Owners of the Company | | | | (5,971) |
| Non-controlling interests | | | | 5,950 |
| **Net loss for the year** | | | | (21) |
| **Segment assets** | 175,181 | 83,001 | (75,975) | 182,207 |
| **Segment liabilities** | 94,492 | 1,875 | (5,930) | 90,437 |
| Capital expenditure | 3,067 | 3 | - | 3,070 |
| Depreciation and amortisation | 12,903 | 17 | - | 12,920 |
| Impairment loss: | | | | |
| - Plant and equipment | 9,781 | - | - | 9,781 |
| - Trade receivables | 739 | - | - | 739 |
| - Other receivables | 96 | 131 | - | 227 |

## 24. OPERATING SEGMENTS (CONTINUED)

**Geographical segment**

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

**Major customers**

The following are major customers with revenue equal to or more than 10% of Group revenue:-

| | Revenue | | Segment |
|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | |
| Customer A | 25,159 | 23,114 | Information Communication Technology |

## 25. FINANCIAL INSTRUMENTS

### 25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R"); and
(b) Other liabilities ("OL").

| | Carrying amount RM'000 | L&R RM'000 |
|---|---|---|
| **Financial assets** | | |
| **Group** | | |
| **2014** | | |
| Trade and other receivables (excluding prepayments) | 72,776 | 72,776 |
| Cash and cash equivalents | 70,828 | 70,828 |
| | 143,604 | 143,604 |
| **2013** | | |
| Trade and other receivables (excluding prepayments) | 82,015 | 82,015 |
| Cash and cash equivalents | 64,401 | 64,401 |
| | 146,416 | 146,416 |

**25. FINANCIAL INSTRUMENTS (CONTINUED)**

**25.1 Categories of financial instruments (continued)**

| | Carrying amount RM'000 | L&R RM'000 |
|---|---|---|
| **Financial assets (Continued)** | | |
| **Company** | | |
| **2014** | | |
| Trade and other receivables (excluding prepayments) | 12,401 | 12,401 |
| Amount due from subsidiaries | 2,521 | 2,521 |
| Cash and cash equivalents | 1,792 | 1,792 |
| | 16,714 | 16,714 |
| **2013** | | |
| Trade and other receivables (excluding prepayments) | 1,287 | 1,287 |
| Amount due from subsidiaries | 4,501 | 4,501 |
| Cash and cash equivalents | 5,220 | 5,220 |
| | 11,008 | 11,008 |

| | Carrying Amount RM'000 | OL RM'000 |
|---|---|---|
| **Financial liabilities** | | |
| **Group** | | |
| **2014** | | |
| Trade and other payables (excluding deferred income) | 13,218 | 13,218 |
| Borrowing | 38,530 | 38,530 |
| | 51,748 | 51,748 |
| **2013** | | |
| Trade and other payables (excluding deferred income) | 17,852 | 17,852 |
| Borrowing | 57,024 | 57,024 |
| | 74,876 | 74,876 |

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.1 Categories of financial instruments (continued)

| | Carrying Amount RM'000 | OL RM'000 |
|---|---|---|
| **Financial liabilities (Continued)** | | |
| **Company** | | |
| **2014** | | |
| Trade and other payables (excluding deferred income) | 2,611 | 2,611 |
| Amount due to subsidiaries | 521 | 521 |
| | 3,132 | 3,132 |
| **2013** | | |
| Trade and other payables (excluding deferred income) | 1,845 | 1,845 |
| Amount due to subsidiaries | 30 | 30 |
| | 1,875 | 1,875 |

### 25.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 25.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

***Receivables***

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.3 Credit risk (continued)

***Receivables* (continued)**

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographical region was:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **RM'000** | **RM'000** |
| Domestic | 72,776 | 82,015 |

*Impairment losses*

The ageing of receivables (excluding prepayments) as at the end of the reporting period was:

| | Net | |
|---|---|---|
| | **2014** | **2013** |
| | **RM'000** | **RM'000** |
| **Group** | | |
| Not past due | 69,133 | 77,503 |
| Past due 31 - 60 days | 2,179 | 1,842 |
| Past due 61 - 90 days | 748 | 660 |
| Past due more than 90 days | 716 | 2,010 |
| | 72,776 | 82,015 |
| **Company** | | |
| Not past due | 12,401 | 1,287 |

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.3 Credit risk (continued)

***Receivables* (continued)**

The movements in the allowance for impairment losses of receivables during the financial year were:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| At 1 January | 1,438 | 2,466 | 670 | 623 |
| Impairment loss recognised | 965 | 966 | 14 | 131 |
| Impairment loss reversed | (692) | (949) | (303) | (39) |
| Impairment loss written off | (738) | (1,045) | (208) | (45) |
| At 31 December | 973 | 1,438 | 173 | 670 |

**Inter-company balances**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

*Impairment losses*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 2 - 5 years RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2014** | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Trade and other payables | 13,218 | - | 13,218 | 13,218 | - |
| Borrowing | 38,530 | 5.08 | 40,363 | 19,082 | 21,281 |
| | 51,748 | | 53,581 | 32,300 | 21,281 |
| **2013** | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Trade and other payables | 17,852 | - | 17,852 | 17,852 | - |
| Borrowing | 57,024 | 5.08 | 61,396 | 20,908 | 40,488 |
| | 74,876 | | 79,248 | 38,760 | 40,488 |
| **Company** | | | | | |
| **2014** | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Trade and other payables | 2,611 | - | 2,611 | 2,611 | - |
| Amount due to subsidiaries | 521 | - | 521 | 521 | - |
| | 3,132 | | 3,132 | 3,312 | - |
| **2013** | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Trade and other payables | 1,845 | - | 1,845 | 1,845 | - |
| Amount due to subsidiaries | 30 | - | 30 | 30 | - |
| | 1,875 | | 1,875 | 1,875 | - |

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

#### 25.5.1 Foreign currency risk

The Group is exposed to foreign currency risk on bank balance that is denominated in the currency other than the functional currency, Ringgit Malaysia (RM). The currency giving rise to this risk is primarily United States Dollar (USD).

*Risk management objectives, policies and processes for managing the risk*

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

| | Denominated in USD | |
|---|---|---|
| **Group** | **2014 RM'000** | **2013 RM'000** |
| Cash and cash equivalents | 78 | 72 |

*Currency risk sensitivity analysis*

A 10% (2013: 10%) strengthening of Ringgit Malaysia against the following currency at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| | Profit or loss | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| USD | (6) | (5) |

A 10% (2013: 10%) weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.5 Market risk (continued)

#### 25.5.2 Interest rate risk

The Group's and the Company's significant interest-bearing financial assets and financial liabilities are mainly its deposit placements and borrowing.

The deposit placements as of financial position date are short term and therefore exposure to the effects of future changes in prevailing level of interest rates is limited.

*Effective interest rates and repricing analysis*

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates as at the end of the reporting period and the periods in which they reprice or mature, whichever is earlier.

| | Effective interest rate per annum % | Total RM'000 | Within 1 year RM'000 | 2 - 5 years RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2014** | | | | |
| **Fixed rate instruments** | | | | |
| Deposits placed with licensed banks | 2.50 - 3.32 | 51,665 | 51,665 | - |
| **Floating rate instruments** | | | | |
| Borrowing | 5.08 | (38,530) | (18,494) | (20,036) |
| | | 13,135 | 33,171 | (20,036) |
| **2013** | | | | |
| **Fixed rate instruments** | | | | |
| Deposits placed with licensed banks | 2.40 - 3.17 | 58,538 | 58,538 | - |
| **Floating rate instruments** | | | | |
| Borrowing | 5.08 | (57,024) | (18,494) | (38,530) |
| | | 1,514 | 40,044 | (38,530) |
| **Company** | | | | |
| **2013** | | | | |
| **Fixed rate instruments** | | | | |
| Deposits placed with licensed banks | 2.50 - 3.15 | 4,507 | 4,507 | - |

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.5 Market risk (continued)

#### 25.5.2 Interest rate risk (continued)

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### 25.5.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

*Equity price risk sensitivity analysis*

The Group does not have investments in equity securities at the end of the reporting date.

### 25.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other non-current financial assets and borrowing, together with the carrying amounts shown in the statement of financial position, are as follows:

| | | 2014 | | 2013 | |
|---|---|---|---|---|---|
| **Group** | **Note** | **Carrying amount RM'000** | **Fair value RM'000** | **Carrying amount RM'000** | **Fair value RM'000** |
| Trade receivables | 6 | 22,080 | 20,834 | 48,426 | 45,227 |
| Borrowing | 13 | (20,036) | (20,036) | (38,530) | (38,530) |

For non-current financial assets of RM22,079,750 (2013: RM48,426,000), due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs, the Directors estimate the market interest rate for a comparable instrument to be approximately 3% to 4% per annum to arrive at the fair value.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### 25.7 Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | RM'000 | RM'000 |
| **2014** | | | | | | | | | | |
| **Group** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Trade receivables | - | 20,834 | - | 20,834 | - | - | - | - | 20,834 | 22,080 |
| **Financial liabilities** | | | | | | | | | | |
| Borrowing | - | (20,036) | - | (20,036) | - | - | - | - | (20,036) | (20,036) |
| **2013** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Trade receivables | - | 45,227 | - | 45,227 | - | - | - | - | 45,227 | 48,426 |
| **Financial liabilities** | | | | | | | | | | |
| Borrowing | - | (38,530) | - | (38,530) | - | - | - | - | (38,530) | (38,530) |

***Non-derivative financial liabilities***

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

***Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

## 26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios are as follows:

| | Group | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| Total borrowing | 38,530 | 57,024 |
| Less: Cash and cash equivalents (Page 65) | (63,610) | (62,733) |
| Net cash | (25,080) | (5,709) |
| Total equity | 108,186 | 91,770 |
| Debt-to-equity ratio | Not applicable | Not applicable |

There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as the cash and cash equivalents exceeded the total borrowing.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

## 27. COMMITMENTS

| | Group | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| Capital commitments: | | |
| Plant and equipment | | |
| Authorised and contracted for within one year | 121 | 604 |

## 28. RELATED PARTIES

**Identities of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| **Subsidiary companies** | | | | |
| Management fee income | - | - | 10,018 | 5,772 |
| Dividend income | - | - | 3,847 | 6,907 |
| Rental of premises | - | - | (295) | (632) |
| Rental of equipment | - | - | (86) | - |
| Facilities services | - | - | (134) | (412) |
| Purchase of IT products and services | - | - | (228) | (44) |
| Management fee paid | - | - | - | (119) |
| **Other related parties*** | | | | |
| Lease line, phone and utilities Charges | - | (2,133) | - | (116) |
| Maintenance and facility charges | - | (931) | - | - |
| Sale of IT products and services | 2 | 113 | - | - |
| Insurance | - | (218) | - | (108) |
| Purchase of IT products and services | (121) | - | - | - |

* The related parties and the Group are subject to common significant influence.

The terms and conditions for the above transactions are based on negotiated basis. Significant related party balances of the Group and the Company are disclosed in Note 7.

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In addition to their salaries, the Group also voluntarily provided additional Employees Provident Fund (EPF) contributions over the statutory requirement for a significant number of employees.

## 28. RELATED PARTIES (CONTINUED)

**Identities of related parties (continued)**

There are no significant related party transactions of the Group and the Company and its key management personnel of the Group and holding company, other than key management personnel compensation as disclosed below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| **Key management personnel compensation** | | | | |
| *Non-executive Directors* | | | | |
| - Fees | 450 | 489 | 352 | 363 |
| - Remuneration | 162 | 559 | 155 | 541 |
| Total short-term benefits | 612 | 1,048 | 507 | 904 |
| *Executive Directors* | | | | |
| - Remuneration | 1,674 | - | 1,674 | - |
| - Short-term employee benefits | | | | |
| - EPF | 244 | - | 244 | - |
| - Others | 298 | - | 298 | - |
| Total short-term employee benefits | 2,216 | - | 2,216 | - |
| *Other key management personnel* | | | | |
| - Remuneration | 1,963 | 3,118 | 990 | 845 |
| - Short-term employee benefits | | | | |
| - EPF | 329 | 454 | 164 | 121 |
| - Others | 515 | 578 | 247 | 116 |
| Total short-term employee benefits | 2,807 | 4,150 | 1,401 | 1,082 |
| | 5,635 | 5,198 | 4,124 | 1,986 |

## 29. CONTINGENT LIABILITY

The Company provided a corporate guarantee to a bank in relation to a term loan obtained by a subsidiary company.

## 30. SIGNIFICANT EVENTS

**Significant events during the financial year are as follows:-**

(i) On 18 June 2014, on behalf of the Board of Directors of Dagang NeXchange Berhad ("DNeX") ("Board"), AmInvestment Bank Berhad ("AmInvestment Bank") announced the following:-

(a) proposed renounceable rights issue of 465,146,809 new ordinary shares of RM0.20 each in DNeX ("Share(s)" or "DNeX Share(s)") ("Rights Share(s)") together with 465,146,809 new free detachable warrants ("Warrant(s)") at an issue price of RM0.21 per Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held as at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue");

(b) proposed special issue of 50,000,000 shares together with 25,000,000 Warrants on the basis of one (1) Warrant for every two (2) special issue shares at an issue price of RM0.22 per Share ("Special Issue Share(s)") ("Proposed Special Issue");

(c) proposed acquisitions of the following:

i) 500,000 ordinary shares of RM1.00 each representing 100.0% of the issued and paid-up capital of OGPC Sdn. Bhd. ("OGPC") for a purchase consideration of RM196,594,821 ("OGPC Purchase Consideration") to be satisfied by partial cash consideration of RM96,844,740 and the remaining RM99,750,081 via issuance of 383,654,158 new DNeX shares with 191,827,079 Warrants at an issue price of RM0.26 per Share ("Consideration Shares") on the basis of one (1) Warrant for every two (2) new DNeX Shares issued ("Proposed OGPC Acquisition"); and

ii) 520,000 ordinary shares of RM1.00 each representing 52.0% of the issued and paid-up capital of OGPC O&G Sdn. Bhd. ("OGPCOG"), a 48.0% owned subsidiary company of OGPC, for a purchase consideration of RM6,405,179 ("OGPCOG Purchase Consideration") to be satisfied by partial cash consideration of RM3,155,260 and the remaining RM3,249,919 via issuance of 12,499,688 new DNeX shares with 6,249,844 Warrants at an issue price of RM0.26 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued ("Proposed OGPCOG Acquisition").

(d) proposed establishment of an Employee's Share Option Scheme ("ESOS") of up to five percent (5%) of the enlarged issued and paid-up share capital of DNeX ("Proposed ESOS").

The Proposed Rights Issue, Proposed Special Issue, Proposed Acquisitions, Proposed ESOS hereinafter collectively referred to as the "Proposals". The Proposals have not been completed as of the date of the financial statements.

(ii) On 9 July 2014, a wholly-owned subsidiary of the Company has changed its name from TEB Systems Integrators Sdn. Bhd. to DNeX Solutions Sdn. Bhd.

(iii) On 9 July 2014, a wholly-owned subsidiary of the Company has changed its name from TEB Quantum Technology Sdn. Bhd. to DNeX Technology Sdn. Bhd.

(iv) On 18 July 2014 the Company acquired an 80% equity interest in Nation Hallmark Sdn. Bhd., comprising 800,000 ordinary shares on RM1.00 each for a total cash consideration of RM800,000.00.

(v) On 22 September 2014, a subsidiary of the Company has changed its name from Nation Hallmark Sdn. Bhd. to DNeX Hallmark e-Commerce Sdn. Bhd.

(vi) On 24 October 2014, the Company acquired the entire issued and paid-up share capital of a shelf company known as Sterling Marque Sdn. Bhd. ("SMSB"). The authorised share capital of SMSB is RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and its paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

**30. SIGNIFICANT EVENTS (CONTINUED)**

**Significant events during the financial year are as follows:- (continued)**

(vii) On 12 November 2014, a wholly-owned subsidiary of the Company has changed its name from Sterling Marque Sdn. Bhd. to DNeX Petroleum Sdn. Bhd.

(viii) On 21 December 2014, the Company entered into a Share Sale and Purchase Agreement with Dato' Azmi bin Abdullah for the proposed acquisition of 1,530,000 ordinary shares of RM1.00 each in Forward Energy Sdn Bhd ("FESB") representing 51% of the issued and paid up capital of FESB at a total cash consideration of RM1,530,000. The proposed acquisition has not been completed as of the date of the financial statements.

**31. SUBSEQUENT EVENTS**

31.1 On 2 January 2015, the Group has offered a voluntary separation scheme to all employees.

31.2 A subsidiary company had on 16 February 2015 secure a Board approval to implement a Selective Share Capital Reduction and a Corresponding Capital Repayment for every ordinary share held by the non-controlling interests at RM1.50 per share ("SCR").

The SCR is subject to:
(a) agreement from the non-controlling interests to participate in the SCR;
(b) approval of the High Court; and
(c) relevant authorities and parties if required.

## 32. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Total accumulated losses of the Company and its subsidiaries: | | | | |
| - realised | (32,778) | (47,831) | (71,321) | (73,923) |
| - unrealised | (2,790) | (3,953) | - | - |
| | (35,568) | (51,784) | (71,321) | (73,923) |
| Less: Consolidation adjustments | (33,291) | (29,290) | - | - |
| Total accumulated losses | (68,859) | (81,074) | (71,321) | (73,923) |

The determination of realised and unrealised profits 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 the Malaysian Institute of Accountants on 20 December 2010.

# STATEMENT BY DIRECTORS

*pursuant to Section 169(15) of the Companies Act, 1965*

In the opinion of the Directors, the financial statements set out on pages 60 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 on page 114 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Datuk Samsul Husin**

**Rosli Abdullah**

Kuala Lumpur,

Date: 24 February 2015

# STATUTORY DECLARATION

*pursuant to Section 169(16) of the Companies Act, 1965*

I, **Lim Kek Siang**, the Officer primarily responsible for the financial management of Dagang NeXchange Berhad (formerly known as TIME Engineering Berhad), do solemnly and sincerely declare that the financial statements set out on pages 60 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 24 February 2015.

**Lim Kek Siang**

Before me:

**Fauzilawati Binti Ishak**
License No.: W 561
Commissioner of Oaths
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

*TO THE MEMBERS OF DAGANG NeXCHANGE BERHAD*
*(Formerly Known As TIME Engineering Berhad)*
*(Incorporated in Malaysia) Company No. 10039-P*

**Report on the Financial Statements**

We have audited the financial statements of Dagang NeXchange Berhad (formerly known as TIME Engineering Berhad), which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 60 to 113.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

*Other Matter*

The financial statements of the Group and of the Company of the preceding financial year were audited by another firm of auditors whose report dated 25 February 2014, expressed an unmodified opinion on those statements.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out in Note 32 on page 114 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**
Firm No: AF 1018
Chartered Accountants

**James Chan Kuan Chee**
Approval No: 2271/10/15(J)
Chartered Accountant

Kuala Lumpur

Date: 24 February 2015

# ANALYSIS OF SHAREHOLDINGS

*as at 6 May 2015*

| | | |
|---|---|---|
| Authorised Share Capital | : | RM2,000,000,000.00 |
| Issued and Fully Paid | : | RM155,048,937 |
| Class of Shares | : | Ordinary Shares of RM0.20 each |
| No. of Shareholders | : | 21,327 |
| Voting Right | : | 1 vote per Ordinary Share |

**ANALYSIS BY SIZES**

| Category | No. of Shareholders | | No. of Shares | | Percentage (%) | |
|---|---|---|---|---|---|---|
| | Malaysian | Foreign | Malaysian | Foreign | Malaysian | Foreign |
| Less than 100 shares | 500 | 5 | 7,627 | 87 | 0.00 | 0.00 |
| 100 to 1,000 shares | 4,469 | 62 | 4,169,435 | 57,270 | 0.54 | 0.01 |
| 1,001 to 10,000 shares | 10,200 | 168 | 51,136,965 | 874,733 | 6.60 | 0.11 |
| 10,001 to 100,000 shares | 5,140 | 119 | 178,713,169 | 4,767,700 | 23.05 | 0.61 |
| 100,001 to less than 5% of issued shares | 627 | 35 | 212,679,134 | 18,725,832 | 27.43 | 2.42 |
| 5% and above of issued shares | 2 | 0 | 304,112,731 | 0 | 39.23 | 0.00 |
| **TOTAL** | **20,938** | **389** | **750,819,061** | **24,425,622** | **96.85** | **3.15** |

**CLASSIFICATION OF SHAREHOLDERS**

| Category | No. of Shares | Percentage (%) | No. of Shareholders | Percentage (%) |
|---|---|---|---|---|
| Individuals | 340,018,022 | 43.86 | 18,401 | 86.28 |
| Nominee Companies | 294,369,329 | 37.97 | 2,769 | 12.99 |
| Industrial & Commercial Companies | 138,635,032 | 17.88 | 132 | 0.62 |
| Government Agencies | 114,000 | 0.02 | 3 | 0.01 |
| Banks/ Finance Companies | 1,182,300 | 0.15 | 15 | 0.07 |
| Foundation/ Investment Trusts/ Charities | 926,000 | 0.12 | 7 | 0.03 |
| **TOTAL** | **775,244,683** | **100.00** | **21,327** | **100.00** |

**DIRECTORS' INTERESTS IN SHARES IN THE COMPANY**

| Name of Directors | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | Percentage (%) | No. of Shares | Percentage (%) |
| Dato' Arif Ambrose Leonard Ng | 900,000 | 0.12 | 0 | 0.00 |
| Datuk Samsul Husin | 0 | 0.00 | 304,112,731* | 39.23 |
| Zainal 'Abidin Abd Jalil | 5,000,000 | 0.65 | 0 | 0.00 |

*Notes:-*

** Deemed interest through Censof Holdings Berhad pursuant to Section 6A of the Companies Act 1965.*

# ANALYSIS OF SHAREHOLDINGS

*as at 6 May 2015 (continued)*

**30 LARGEST SHAREHOLDERS AS AT 6 MAY 2015**

| No. | Name of Shareholders | No. of Shares | Percentage (%) |
|---|---|---|---|
| 1. | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Censof Holdings Berhad (1st Party) | 178,956,773 | 23.08 |
| 2. | Censof Holdings Berhad | 125,155,958 | 16.15 |
| 3. | JF Apex Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Zainal 'Abidin Bin Abd Jalil (Margin) | 5,000,000 | 0.65 |
| 4. | Citigroup Nominees (Asing) Sdn Bhd<br>- UBS LUX For Artico Global Small Cap (Artico SIF-SICAV) | 4,468,900 | 0.58 |
| 5. | Eashwary A/P Mageswaren | 4,453,400 | 0.57 |
| 6. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Seo Cheng Gaok (SMT) | 4,000,000 | 0.52 |
| 7. | Lim Siang Hee | 3,226,500 | 0.42 |
| 8. | Mohd Shafei Bin Abdullah | 3,000,000 | 0.39 |
| 9. | Tan Tiam Yee | 2,779,200 | 0.36 |
| 10. | Lim Kooi Fui | 2,633,300 | 0.34 |
| 11. | Wong Ah Chai | 2,150,000 | 0.28 |
| 12. | Sky Blue Media Sdn Bhd | 2,000,000 | 0.26 |
| 13. | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank For Ng Chai Hock (MY0972)) | 1,940,000 | 0.25 |
| 14. | HLIB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Ong Chin Seong | 1,850,000 | 0.24 |
| 15. | Low Boon Ngee | 1,800,000 | 0.23 |
| 16. | Yeo Ann Seck | 1,600,000 | 0.21 |
| 17. | Chong Mee Fah @ Frederick Chong | 1,598,000 | 0.21 |
| 18. | Ng Teng Song | 1,532,000 | 0.20 |
| 19. | Apollo Food Holdings Berhad | 1,500,000 | 0.19 |
| 20. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>- Exempt An For Phillip Capital Management Sdn Bhd | 1,453,300 | 0.19 |
| 21. | Liang Chiang Heng | 1,443,700 | 0.19 |
| 22. | Public Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Teoh Hin Heng (E-BMM) | 1,350,000 | 0.17 |
| 23. | Kam Qze Ming | 1,319,000 | 0.17 |
| 24. | Cartaban Nominees (Tempatan) Sdn Bhd<br>- DBS Vickers (Hong Kong) Limited For Teh Hong Eng | 1,300,000 | 0.17 |
| 25. | Mohd Jamel Bin Abdul Munin | 1,200,000 | 0.15 |
| 26. | KAF Trustee Berhad<br>- KIFB For Altima, Inc | 1,200,000 | 0.15 |
| 27. | Affin Hwang Nominees (Asing) Sdn. Bhd.<br>- DBS Vickers Secs (S) Pte Ltd For Tay Boon Huat | 1,180,800 | 0.15 |
| 28. | Lim Chaur Kuan | 1,161,900 | 0.15 |
| 29. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>- Exempt An For Bank of Singapore Limited | 1,151,400 | 0.15 |
| 30. | Teoh Hin Heng | 1,135,000 | 0.15 |
| | **TOTAL** | **363,539,131** | **46.92** |

**SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS, EXCLUDING BARE TRUSTEES AS AT 6 MAY 2015**

| No. | Name of Shareholders | No. of Shares | Percentage (%) |
|---|---|---|---|
| 1. | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Censof Holdings Berhad (1st Party) | 178,956,773 | 23.08 |
| 2. | Censof Holdings Berhad | 125,155,958 | 16.15 |

# NOTICE OF FORTY FIFTH ANNUAL GENERAL MEETING

**DAGANG NeXCHANGE BERHAD**
(Company No. 10039-P)
(Incorporated in Malaysia under the Companies Act, 1965)

**NOTICE IS HEREBY GIVEN THAT** the Forty Fifth Annual General Meeting ("45th AGM") of Dagang NeXchange Berhad ("**DNeX**" or the "**Company**") will be held at the **Shah Alam 2 Ballroom, Ground Floor, Shah Alam Convention Centre, No. 4, Jalan Perbadanan 14/9, 40000 Selangor** on **Wednesday, 24 June 2015** at **10.00 a.m.** for the following purposes:-

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the reports of the Directors and Auditors thereon.

**AS ORDINARY BUSINESS**

2. To re-elect Datuk Samsul Husin who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers himself for re-election. **Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 99 of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (a) Satria Ahmad **Resolution 2**
   (b) Zainal 'Abidin Abd Jalil **Resolution 3**

4. To approve the payment of the following Directors' fees in respect of the financial year ending 31 December 2015 on a quarterly basis after the end of each quarter:

   (a) Directors' fees of RM7,500 per month for the Non-Executive Chairman and RM3,300 per month for each of the Non-Executive Directors. **Resolution 4**
   (b) Directors' fees of RM2,700 per month for the Non-Executive Chairman of the Board Audit Committee and RM1,200 per month for each of the Non-Executive Directors who are members of the Board Audit Committee. **Resolution 5**

5. To re-appoint Messrs. Crowe Horwath as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. **Resolution 6**

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolution, with or without modifications:

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 7**

   "THAT pursuant to Section 132D of the Companies Act 1965, the Articles of Association of the Company and the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in

their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per cent of the issued share capital of the Company for the time being AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965 and the Company's Articles of Association.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 45th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 June 2015. Only a depositor whose name appears on the Record of Depositors as at 18 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

**BY ORDER OF THE BOARD**
Keh Ching Tyng, MAICSA 7050134
Company Secretary

Kuala Lumpur
29 May 2015

**NOTES:-**

**Proxy**

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. In the case of corporate member, the instrument appointing a proxy ("Form of Proxy") shall be either (a) under its Common Seal or (b) under the hand of duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
3. A member of the Company holding 1,000 shares or less in the Company shall be entitled to appoint one (1) proxy to attend and vote at the same meeting. A member holding more than 1,000 shares in the Company shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
4. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to the Form of Proxy.
6. Any alteration to the Form of Proxy must be initialised. The Form of Proxy duly completed must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than twenty four (24) hours before the time fixed for holding the Meeting or any adjournment thereof.

**Audited Financial Statements for the financial year ended 31 December 2014**

7. The audited financial statements are for discussion only under Agenda 1, as the provisions of Section 169(1) of the Companies Act 1965 do not require shareholders to approve annual audited financial statements. Hence, it is not put forward for voting.

**Non-Executive Directors' Fees**

8. The proposed Resolutions 4 and 5 are intended to seek mandate from the shareholders to allow the Company to pay Directors' fees to the Non-Executive Directors on a quarterly basis after the end of each quarter. The Directors' fees for the Non-Executive Directors are based on the existing rates as approved by the shareholders during the 38th AGM held on 18 June 2008.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

**Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Resolution 7 is intended to seek a general mandate for the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider will be in the best interest of the Company without convening a general meeting. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

## EXPLANATORY NOTES ON VOTING PROCEDURES

1. Pursuant to Article 63 of the Company's Articles of Association, voting in respect of Resolutions 1 to 7 will be on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by either:
   - the Chairman (being a person entitled to vote); or
   - not less than two (2) members present in person or by proxy and entitled to vote; or
   - a member present in person or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or
   - a member present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.
2. In accordance with Article 69 of the Company's Articles of Association, the votes of members are calculated based on the voting method where on a show of hands every person present who is a member or proxy of a member shall have one (1) vote, and on a poll every member who is present or by proxy shall have one (1) vote for every share of which he is a holder.
3. A declaration by the Chairman of the Meeting that a resolution has on a show of hands or on a poll been carried either unanimously or by a particular majority shall be conclusive evidence of the passing of the resolution. In the case of an equality of votes, whether on a show of hands or on a poll, Article 66 of the Company's Articles of Association provides that the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

## ABSTENTION FROM VOTING

1. Any Director referred to in Resolutions 1, 2 and 3, who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election at the 45th AGM.
2. All the Non-Executive Directors of the Company who are shareholders of the Company will abstain from voting on Resolutions 4 and 5 concerning remuneration to the Non-Executive Directors at the 45th AGM.

# ADMINISTRATIVE DETAILS

**Date** **24 June 2015**
**Time** **10.00 a.m.**
**Venue** **Shah Alam 2 Ballroom, Ground Floor, Shah Alam Convention Centre, No. 4, Jalan Perbadanan 14/9, 40000 Selangor**

## REGISTRATION

1. Registration starts from 8.30 a.m. to 10.00 a.m.

2. Please read the signage to ascertain where you should register yourself for the meeting and join the queue accordingly.

3. Please produce your original Identity Card (IC) to the registration staff for verification.

4. After the verification, you are required to write your name and sign on the Attendance List placed on the Registration table.

5. You will also be given an identification tag. No person will be allowed to enter the meeting room without the identification tag. There will be no replacement in the event that you lose or misplace the identification tag.

6. No person will be allowed to register on behalf of another person even with the original IC of that other person.

7. The registration counter will handle only verification of identity and registration. If you have any clarification or enquiry, please proceed to the Help Desk.

## HELP DESK

1. Please proceed to Help Desk for any clarification or enquiry.

2. The Help Desk will also handle revocation of proxy's appointment.

## GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 45th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 55(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 June 2015. Only the depositor whose name appears in the Record of Depositors as at 18 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

## PROXY

1. A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.

2. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

3. If you wish to submit your Form of Proxy by fax, please fax to the Company's Share Registrar's office, Mega Corporate Services Sdn Bhd at Fax No. 03-2732 5388/03-2732 5399. Please also ensure that the original Form of Proxy is deposited at the Company's Share Registrar's office not less than twenty four (24) hours before the time appointed for holding the meeting.

## ANNUAL REPORT 2014

1. The Annual Report 2014 is available on the Company's website at www.dnex.com.my under Investor Relations and Bursa Malaysia's website at www.bursamalaysia.com under Company Announcements.

2. If you wish to request for printed copy of the Annual Report 2014, please forward your request by completing the Request Form provided by us. We will send to you by ordinary post within four (4) market days from the date of receipt of the Request Form.

## ENQUIRY

If you have any enquiry prior to the meeting, please contact the following persons during office hours or e-mail us at secretarial@dnex.com.my:

1. **Dagang NeXchange Berhad**
   Tower 3, Avenue 5
   The Horizon, Bangsar South
   No. 8 Jalan Kerinchi
   59200 Kuala Lumpur

   | | |
   |---|---|
   | Telephone Number | 03-2730 0300 |
   | Fax Number | 03-2713 3131 |
   | (i) Noryusnaidah Yusof | 03-2730 0432 |

2. **Mega Corporate Services Sdn Bhd**
   Level 15-2, Bangunan Faber Imperial Court
   Jalan Sultan Ismail
   50250 Kuala Lumpur

   | | |
   |---|---|
   | Telephone Number | 03-2692 4271 |
   | Fax Number | 03-2732 5388 / 03-2732 5399 |

   (i) Norhisham Abdul Hamid
   (ii) Alfred John

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# FORM OF PROXY

| | |
|---|---|
| No. of shares held | |
| CDS Account No. | |
| Telephone No. | |

**DAGANG NeXCHANGE BERHAD**
(Company No. 10039-P)
(Incorporated in Malaysia)

*I/We_____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) _____ (old) _____

of _____
(Full Address)

_____
(Full Address)

being a member of DAGANG NeXCHANGE BERHAD hereby appoint _____

_____ NRIC No. (new) _____
(Full name as per NRIC in CAPITAL letters)

(old) _____ or failing *him/her _____
(Full name as per NRIC in CAPITAL letters)

NRIC No. (new) _____ (old) _____

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty Fifth Annual General Meeting ("45th AGM") of the Company to be held at Shah Alam 2 Ballroom, Ground Floor, Shah Alam Convention Centre, No. 4, Jalan Perbadanan 14/9, 40000 Selangor on Wednesday, 24 June 2015 at 10.00 a.m. and at any adjournment thereof. *My/our proxy is to vote as indicated below:

*(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)*

| **AS ORDINARY BUSINESS** | | | **FOR** | **AGAINST** |
|---|---|---|---|---|
| 1. | To re-elect Datuk Samsul Husin who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers himself for re-election. | **Resolution 1** | | |
| 2. | To re-elect Satria Ahmad who retires pursuant to Article 99 of the Company's Articles of Association and who being eligible offers himself for re-election. | **Resolution 2** | | |
| 3. | To re-elect Zainal 'Abidin Abd Jalil who retires pursuant to Article 99 of the Company's Articles of Association and who being eligible offers himself for re-election. | **Resolution 3** | | |
| 4. | To approve the payment of Directors' fees of RM7,500 per month for the Non-Executive Chairman and RM3,300 per month for each of the Non-Executive Directors in respect of the financial year ending 31 December 2015 on a quarterly basis after the end of each quarter. | **Resolution 4** | | |
| 5. | To approve the payment of Directors' fees of RM2,700 per month for the Non-Executive Chairman of the Board Audit Committee and RM1,200 per month for each of the Non-Executive Directors who are members of the Board Audit Committee in respect of the financial year ending 31 December 2015 on a quarterly basis after the end of each quarter. | **Resolution 5** | | |
| 6. | To re-appoint Messrs. Crowe Horwath as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. | **Resolution 6** | | |
| **AS SPECIAL BUSINESS** | | | | |
| 1. | Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 | **Resolution 7** | | |

Dated this ..... day of ..... 2015

.....
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

| | **No. of shares** | **Percentage** |
|---|---|---|
| Proxy 1 | | |
| Proxy 2 | | |
| **Total** | | **100 %** |

*Notes:-*

1. Applicable to shares held through a nominee account.
2. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote in his/her stead.
3. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
4. In the case of corporate member, the instrument appointing a proxy ("Form of Proxy") shall be either (a) under its Common Seal or (b) under the hand of duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
5. A member of the Company holding 1,000 shares or less in the Company shall be entitled to appoint one (1) proxy to attend and vote at the same meeting. A member holding more than 1,000 shares in the Company shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
6. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
7. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to this Form of Proxy.
8. Any alteration to this Form of Proxy must be initialised. The Form of Proxy duly completed must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than twenty four (24) hours before the time fixed for holding the meeting.
9. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 June 2015. Only a depositor whose name appears on the Record of Depositors as at 18 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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Affix
Stamp

**Mega Corporate Services Sdn Bhd**

Level 15-2, Bangunan Faber Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

***Then fold here***

Fold this flap for sealing

**DAGANG NeXCHANGE BERHAD** (10039-P)
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131

www.dnex.com.my