TOGETHER

BeYOND

EXCELLENCE

DNeX

DAGANG NeXCHANGE BERHAD

ANNUAL REPORT TWENTY FIFTEEN

• Oil & Gas services
• Upstream Oil & Gas
• Power
• IT Solutioning
• Cyber Security
• Data Analytics
• Global Halal Exchange
• RFID Solutions
• E-Commerce

TOGETHER BEYOND EXCELLENCE

Together Beyond Excellence is a statement that speaks of our conviction. It is a brand promise that connects our purpose, positioning, strategy, people as well as customer experience. As Malaysia's leading e-commerce service provider, we are on a journey to be a leading multinational company that offers world-class services and expertise in both the IT and Energy sectors.

To achieve this, we aim to deliver on our brand promise to meet the expectations of our customers and ultimately create value for our shareholders.

2015 AT A GLANCE

REVENUE
(RM'000)

95,550

PROFIT BEFORE TAXATION
(RM'000)

23,427

NET EARNINGS/ (LOSS) PER SHARE
(SEN)

1.45

NET ASSETS PER SHARE
(RM)

0.13

TWENTY FIFTEEN CONTENTS

46th ANNUAL GENERAL MEETING

Thursday
9 June 2016 at 10.00 a.m.
Ballroom 2, 1st Floor
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur

To be a leading multinational corporation that is trusted for its world-class services and expertise.

VISION

V&M

MISSION

We are vibrant talents who are committed to deliver business innovation that creates value for stakeholders.

CORE VALUES

LEAN

We are a performance-based culture that endures to do more with less - minimising waste and producing the best possible value in building our markets, people and shareholder value.

AGILE

We are a merit-based organisation that stays ahead through learning, inclusiveness, and change.

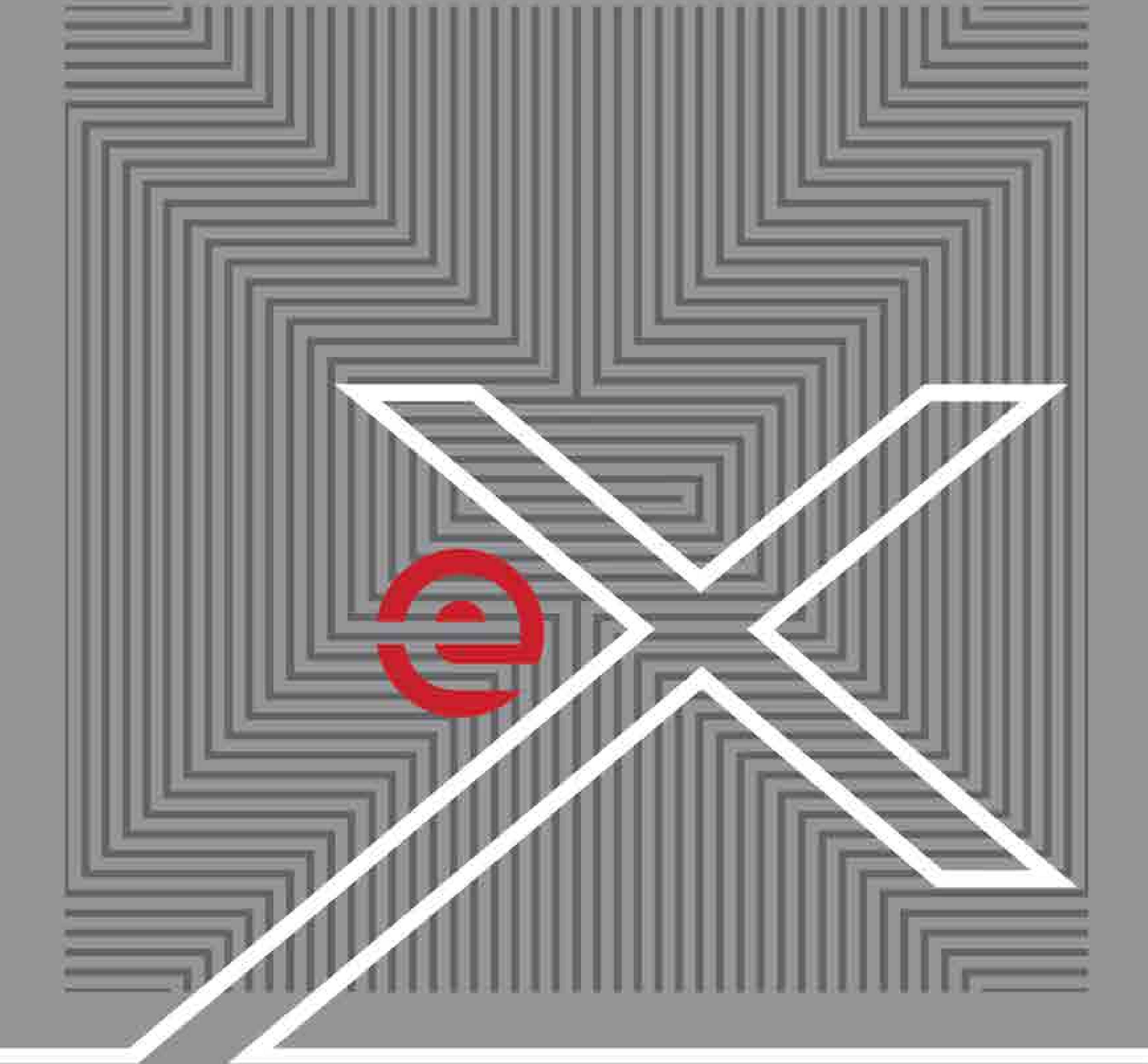
CLEAN

We are committed to the highest standards of business ethics – infusing trust in all business relationships and doing the right thing, even when no one is looking.

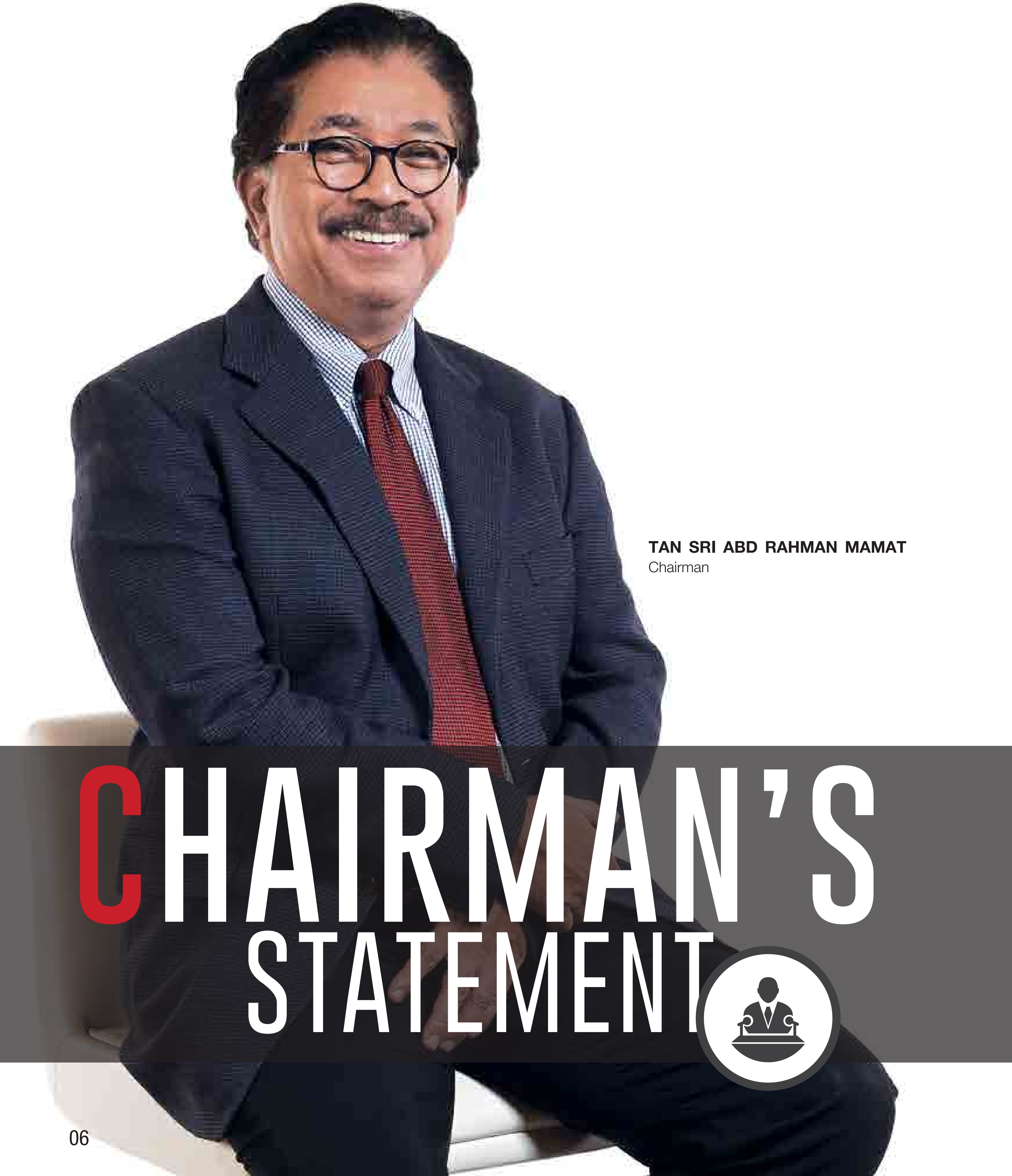
ENTERPRISING

We put our imagination to test and continuously invest in disruptive innovative solutions that achieves efficiency for our customers, people and communities.

LEAN



We are a performance-based culture that endures to do more with less – minimising waste and producing the best possible value in building our markets, people and shareholder value.



TAN SRI ABD RAHMAN MAMAT
Chairman

CHAIRMAN'S STATEMENT

2015

DNeX'S STRONG PERFORMANCE IN FY2015 WAS MAINLY DRIVEN BY AN INCREASE IN ITS TRADE FACILITATION BUSINESS, AND ADOPTION OF EFFECTIVE COST MANAGEMENT AND OPERATIONAL EFFICIENCY IN ALL AREAS OF BUSINESS

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 ("DNeX") AND ITS GROUP OF COMPANIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015.

2015 IN REVIEW

The Group reported significant improved business performance for the financial year ended 31 December 2015 ("FY2015"), continuing its growth momentum after a return to profitability in the financial year ended 31 December 2014 ("FY2014"). I believe we are well positioned to pursue profitable growth while maintaining a strong focus in maintaining a lean, agile and enterprising business model.

In the year under review, the Group posted RM95.5 million in revenue as compared to RM86.8 million in FY2014, an improvement of about ten per cent. The Group posted profit after tax of RM15.8 million in FY2015 as compared to RM17.8 million in FY2014.

The Group's constant positive earnings before interests, taxes, depreciation and amortisation ("EBITDA") of RM34.7 million in FY2015 and RM39.2 million in FY2014 had contributed the necessary funding for the Group to grow its business portfolios in both Energy and Information Technology sectors when opportunities arise. The Group's performance in FY2015 was also affected by a one-off payment of RM5.7 million to undertake a staffing rationalisation exercise in the first quarter of that year.

CHAIRMAN'S STATEMENT

DNeX's strong performance in FY2015 was mainly driven by an increase in its Trade Facilitation business, and adoption of effective cost management and operational efficiency in all areas of business. Moreover, the Group's diversification into the Energy sector also started to register revenue through rental of directional drilling equipment starting in the second quarter of FY2015.

Notwithstanding 2015's improvements, in considering the need for reinvestment towards business growth and 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 2015.

CORPORATE DEVELOPMENTS

Having completed a financial turnaround in 2014, the Group has since been setting the foundation for its diversification into Energy in its journey to become a serious player in this sector. The current soft market conditions allow us to enter the oil and gas industry at a lower cost and present a unique opportunity to ride the market upturn which will occur once the current supply-demand situation corrects itself over time.

And a critical building block to this endeavour is the RM170 million-acquisition of the entire equity interest in OGPC Sdn Bhd and 52 per cent equity interest in OGPC O&G Sdn Bhd – collectively known as OGPC Group – which is a leading provider of equipment and services for oil and gas, petrochemical and power and general industries. OGPC O&G Sdn Bhd is a 48 per cent-owned associate company of OGPC Sdn Bhd.

OGPC Group's principal business is providing maintenance services and upgrades to existing brownfield operations in Malaysia and has limited exposure to exploration or high-cost greenfield development activities, which have been significantly curtailed due to the downturn in crude oil prices.

The Group, on 27 January 2016, received shareholders' approval on this acquisition.

In the year under review, the Group also achieved another key milestone in its diversification into Energy when its wholly-owned subsidiary company DNeX Petroleum Sdn Bhd, entered into a share subscription agreement to acquire 30 per cent equity of Ping Petroleum Limited ("Ping"), an independent upstream company that focuses on pursuing shallow water offshore producing assets or brownfield development.

The acquisition will be fulfilled at a cost of US$10.0 million to be funded by internal and borrowed funds. Through the acquisition, the Group is able to fast-track our entry into the upstream oil and gas sector via Ping gaining immediate access to existing production and economic reserves in Anasuria Cluster in the North Seas, offshore UK.

The Anasuria Cluster is located about 175km east of Aberdeen in the UK Central North Sea and the joint acquisition comprises a 100 per cent interest in the Anasuria FPSO, Teal, Teal South, Guillemot A fields and a 38.65 per cent interest in the Cook field. The cluster represents an attractive, geographically focused package of operated interests in producing fields and associated infrastructure.

The Group's entry into the Energy sector takes a medium and long term view whereby prospect of Energy business remains positive in the long run, despite current volatile oil prices. The diversification is necessary to ensure sustainable revenue stream in preparing the Group for the expiry of the exclusive agreement, which will end September 2016, as the service provider of the NSW for Trade Facilitation, currently the Group's main generator of revenue.

Under the uCustoms system, expected to succeed the NSW for Trade Facilitation, whilst the Group has been appointed by the Royal Malaysian Customs Department as the uCustoms Service Provider, the Group will still have to ascertain opportunities in this new environment, which also includes operating with a competing service provider.

RM95.5 MILLION

in revenue as compared to RM86.8 million in FY2014

In the year under review, the Group received shareholders' approval on its selective capital reduction and repayment exercise of Dagang Net Technologies Sdn Bhd, previously a 71.25 per cent subsidiary of DNeX. With completion of the exercise, Dagang Net is now a wholly-owned subsidiary of DNeX thus increasing the Group's share of the future net profit to be generated by Dagang Net, which will ultimately contribute positively to the overall net profit of the Group. The Group's Statements of Changes in Equity recorded a one-off gain of RM3.6 million in the financial year ended 31 December 2015 resulted from the successful implementation of the selective capital reduction and repayment exercise.

BUSINESS OUTLOOK

In its diversification into Energy, the completion of the acquisitions of OGPC Group and proposed Ping subscription are expected to contribute positively to the future earnings of the Group and enhance DNeX's shareholders' value in the medium to long term.

With the diversification into Energy sector ongoing, the Group is at the same time growing its IT business through continuous efforts in providing end-to-end, comprehensive e-commerce services for Trade Facilitation particularly expanding on its Business-to-Government ("B2G") services to Business-to-Business ("B2B") services. These measures will transform DNeX to become a company supported by two pillars namely IT and Energy to drive its future revenue and profitability.

While the Group cannot control external factors, what it can control is Cost Management including such measures as reducing waste, increasing efficiency among employees, and doing more with less resources. This has been the Group's practice that has brought about significant savings, and which the Group will continue to do in the future.

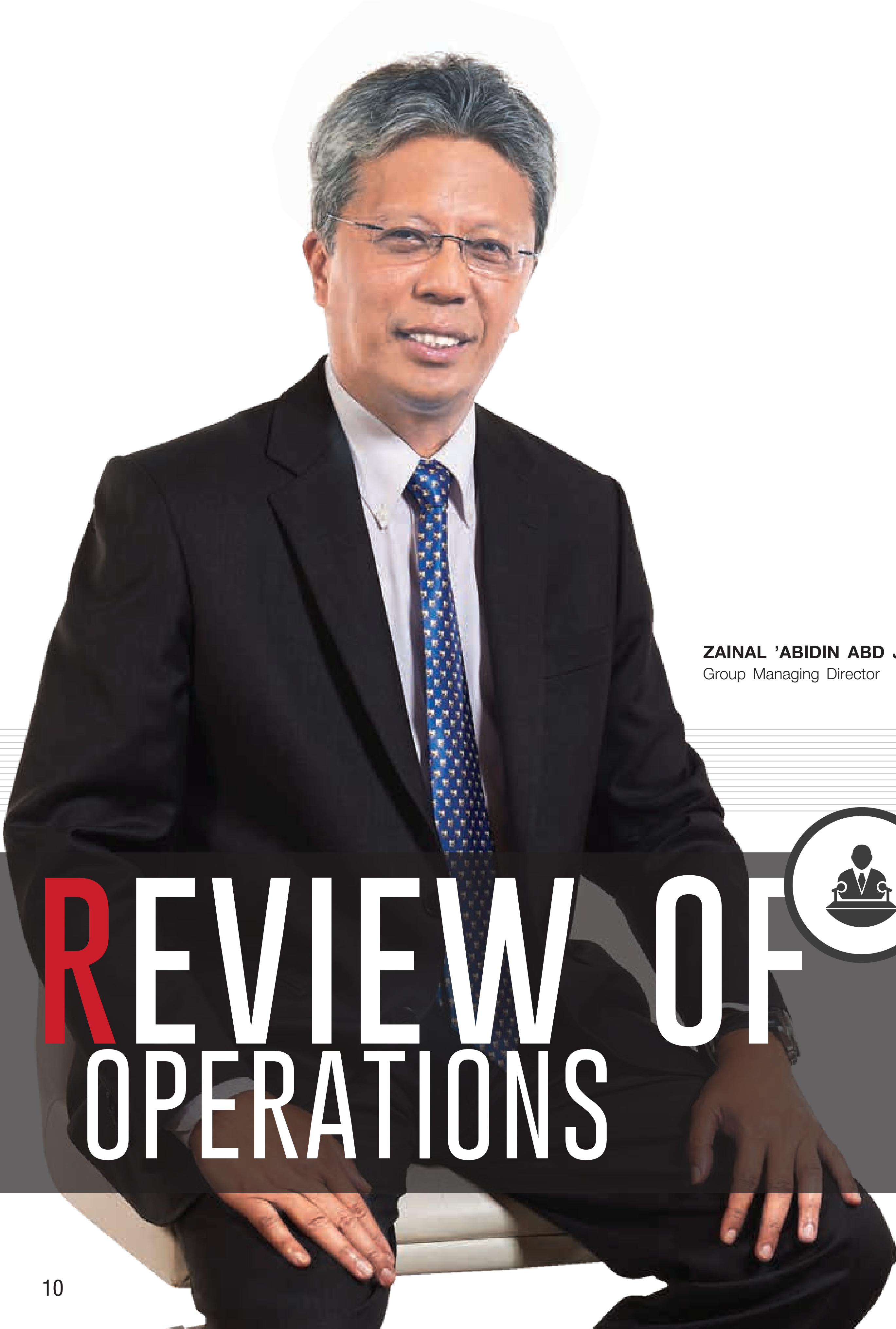
ACKNOWLEDGEMENTS

On behalf of the Group, I would like to express our sincere gratitude to 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 wise counsel. My appreciation also goes to the management and employees for their hard work and commitment to the Group.

Thank you.

TAN SRI ABD RAHMAN MAMAT
Chairman
4 April 2016



ZAINAL 'ABIDIN ABD JALIL
Group Managing Director

REVIEW OF OPERATIONS

2015

HAVING ACHIEVED A SOLID PERFORMANCE IN ITS IT BUSINESS, THE GROUP IS NOW WELL POSITIONED TO FULLY LEVERAGE ITS UNIQUELY COMPETITIVE COMPETENCY IN B2G AND B2B

IN THE YEAR UNDER REVIEW, DAGANG NeXCHANGE BERHAD ("DNeX") CONTINUED ITS GROWTH MOMENTUM AFTER A RETURN TO PROFITABILITY IN THE PREVIOUS FINANCIAL YEAR. HAVING ACHIEVED A SOLID PERFORMANCE IN ITS IT BUSINESS, THE GROUP IS NOW WELL POSITIONED TO FULLY LEVERAGE ITS UNIQUELY COMPETITIVE COMPETENCY IN B2G AND B2B TO FURTHER CAPTURE PROFITABLE OPPORTUNITIES IN TRADE FACILITATION AND E-COMMERCE. DNeX IS ALSO MAKING ITS MARK AS A REPUTABLE PLAYER IN THE ENERGY SECTOR.

The Group continues to undertake necessary measures to ensure its leadership in providing e-commerce services for Trade Facilitation as well as expanding its reach and capitalising on a growing demand for adoption and implementation of e-commerce and IT services to boost efficiency of doing business.

In its diversification into the Energy sector, the Group is executing a strategy of anchoring the business on a know-how heavy and asset light business model to achieve a commercially sustainable long-term growth.

The key driver to our effort in pursuing a leading position in the IT business and the strategic entry into the Energy business is to diversify into markets with growth potential and enhance the resiliency of our Group's earnings.

REVIEW OF OPERATIONS 2015

E-COMMERCE SERVICES

A key development for DNeX's IT business in the year under review is the appointment of the Group, through wholly-owned subsidiary company Dagang Net Technologies Sdn Bhd, by the Royal Malaysian Customs Department as the uCustoms Service Provider that will front the trade community by providing access to Trade Facilitation services.

As the uCustoms Service Provider, DNeX will front the trade community including importers, exporters, shipping agents, traders, manufacturers, forwarders, and warehouse and depot operators, by providing access to the uCustoms trade services.

uCustoms, a fully integrated, end-to-end, Customs modernisation solution that delivers Single Window for goods clearance, is an initiative lead by the Royal Malaysian Customs Department. The appointment as the uCustoms Service Provider is for a continuous tenure subject to Certificate to Operate, which is renewable every two years.

Through subsidiary Dagang Net, the Group 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 32 Permit Issuing Agencies.

In the ePayment service, the Group introduced a new solution called myPayment which enables users to make online payments for Customs duties and importation Goods and Services Tax ("GST") to the Royal Malaysian Customs Department, fees to Permit Issuing Agencies, and DNeX services as well as registered billers such as port operators, and shipping agents.

Committed to strengthen its position in e-commerce services for Trade Facilitation, the Group is undertaking continuous efforts in providing end-to-end, comprehensive e-commerce services for Trade Facilitation particularly expanding on Business-to-Government ("B2G") services to Business-to-Business ("B2B") services. The Group is also expanding its reach through capitalising on a growing demand for adoption and implementation of e-commerce and IT services to improve processes and operational efficiencies of businesses in order to achieve a higher level of market competitiveness.

In the year under review, the Group introduced new addition to its suite of services including myStat, which is online reporting tool for efficient filing of GST returns. myStat enables traders and authorised agents to extract and download reports comprising data related to cargo declarations for efficient and timely filing of GST returns and other regulatory reports. The reports are provided in comma separated values file format and hence can be used across multiple applications.

Another new service introduced is myData, which is an electronic system that allows users to safely upload, store and share trade transaction documents. With myData, users can communicate, collaborate and sync trade transaction documents within their respective teams for improved operations.

The Group, already a leading force in B2G e-commerce services and making a mark in B2B e-commerce services, is intensifying efforts in the Business-to-Consumer ("B2C") segment as well namely through its Global Halal Exchange eMarketplace.

Accessible at **www.globalhalalexchange.com**, the eMarketplace is aimed at taking the Halal industry online where companies or individuals can get suppliers or buyers for their products and services as well as obtain and exchange information on the industry within clicks.

In the year under review, the Group's IT business is also further expanded with the incorporation of DNeX RFID Sdn Bhd, which is 51 per cent owned by Dagang Net and 49 per cent owned by TCSens Sdn Bhd.

DNeX RFID's business operations are focused on research and development, design, manufacturing and trading of radio-frequency technology, security system and related equipment. The company's offerings also include establishment, operation and management of electronic data management system and access collection system.

The Group undertakes meticulous measures to ensure a safe environment for customers' data and transactions, and in the year under review, received the ISO/IEC 27001 : 2013 Information Security Management System Certification covering IT Infrastructure.

IT CONSULTANCY SERVICES

The Group's IT Consultancy Services focuses on advisory and implementation services for rollout of large IT projects specifically for the public sector. Our certified engineers advise clients on computing and networking solutions, design their maintenance programmes and develop application services relevant to the projects. Adding value to the Group's enterprise-class solutioning are invaluable insights into the potential of disparate data sourced within the client's virtual space, and arranging them systematically to form business intelligence, which facilitates better decision-making for sales, marketing and business development purposes.

In the year under review, the Group secured an award to manage a nationwide implementation of Jabatan Kerja Raya's total asset management system. The 18-month project comprise advisory work on the agency's enterprise architecture including re-engineering business processes and designing a business continuity plan; deploying new hardware and upgrading Local Area Network at more than 50 sites; managing change to facilitate community transformation and user buy-in; as well as developing new applications and integrating them with existing ones where applicable. Expected to be completed in October 2016, the system is expected to enhance the efficiency of the agency's public service and its engagement with its stakeholders, who are primarily peer agencies, vendors, contractors, and internal users from various divisions within the agency.

The Group had also embarked on the implementation of IT infrastructure for Majlis Agama Islam Selangor with the overall objective to reduce redundancy, and increase efficiency and competitiveness in the agency. The project, expected to be completed in the second quarter of 2016 financial year, involves works in Disaster Recovery Shell Site services, Managed Services, Managed Security Services, Wireless Infrastructure, and wide area network via fibre connectivity.

REVIEW OF OPERATIONS 2015

CYBER SECURITY SERVICES

In the year under review, the Group's Cyber Security Services provided security and vulnerability assessment services to several financial services and financial-related institutions and agencies.

The Group secured the ISO/IEC 27001: 2013 Information Security Management System certification for its Cyber Security Services, which is not only a renewal but also an upgrade from the previous certification. This is part of continuous efforts to equip the Group's Cyber Security Services with relevant edge in terms of technology to better meet requirements of customers.

In addition, the Group is also expanding on services offerings to include Enterprise Resource Planning, which is a suite of integrated business applications that tracks business resources and shares this data across the organisation for improved planning and operations.

NEW ENERGY BUSINESS

The Group's entry into the Energy sector takes a medium and long term view whereby the prospect of Energy business remains positive in the long run, despite the current soft market conditions due to the volatility in oil prices.

There are significant opportunities in the Energy sector, which is expected to remain robust as it is a key enabler to economic growth in the region and globally as well.

DNeX's diversification into the Energy sector accomplished a significant building block when the Group on 27 January 2016 received shareholders' approval on its RM170 million acquisition of the entire equity interest in OGPC Sdn Bhd and 52 per cent equity interest in OGPC O&G Sdn Bhd – collectively known as OGPC Group – which is a leading provider of equipment and services for oil and gas, petrochemical and power and general industries. OGPC O&G Sdn Bhd is a 48 per cent-owned associate company of OGPC Sdn Bhd.

OGPC Group becoming part of DNeX Group is expected to contribute to a new stream of revenues for the DNeX Group, through sale of oil and gas related equipment and provision of engineering and technical support services for oil and gas industry.

OGPC Group, which has a wide network of customers, matches DNeX Group's existing IT business, which has a strong project management and system integration strength. Here, DNeX's existing IT business is able to leverage on OGPC Group's network of customers in the Energy sector by providing software and IT solutions.

OGPC Group's experience and expertise in providing technical support services to oil and gas, and power industries will also add synergistic value to DNeX as it expands its presence and scale in related sectors of the oilfield, upstream exploration and production ("E&P"), and power industry.

DNeX strives to become a niche reliable regional independent power plant and energy transmission company via its subsidiary Forward Energy Sdn Bhd ("FESB"). Focused on project opportunities to design, build and operate small-scale power plants not exceeding 300MW, FESB is currently pursuing opportunities in Malaysia, Bangladesh and Indonesia.

In entering the upstream E&P sector, DNeX chose a lower cost with lower risk approach by pursuing quality investments in brownfield producing assets in proven hydrocarbon provinces with transparent fiscal regime.

On 7 September 2015, DNeX through wholly-owned subsidiary company DNeX Petroleum Sdn Bhd, had entered into a share subscription agreement with Ping Petroleum Limited ("Ping") to subscribe for new ordinary shares of USD0.001 each in Ping, which represent 30 per cent of the enlarged issued share capital of Ping, for a total consideration of USD10.0 million.

Through the acquisition, DNeX is tapping into reserves and resources of Ping's recent agreement for the acquisition of the Anasuria Cluster. Ping and Hibiscus Petroleum Berhad have jointly entered into sale and purchase agreements to each acquire 50 per cent of the entire interests of Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the Anasuria Cluster of oil and gas fields effective from 1 January 2015.

The acquisition is expected to contribute positively to DNeX's future earnings that will propel profitable growth for the Group, improve earning resiliency and enhance shareholders' value.

DNeX BRAND STRATEGY

Following a new company name and brand identity – Dagang NeXchange Berhad – with effect from 19 May 2014, the Group's transformation continued in the year under review.

DNeX is now mobilised with a renewed commitment to achieve a new Corporate Vision. We aspire "to be a leading multinational corporation that is trusted for its world-class services and expertise" and collectively declare that this vision is our goalpost that serves as the benchmark against which we weigh our actions and the way we conduct our business. I truly believe culture drives long-term performance.

People are our most important assets. The journey to get to our destination can only be achieved by vibrant talents who are committed to deliver business innovation that creates stakeholders value and achieves sustainable quality in growth.

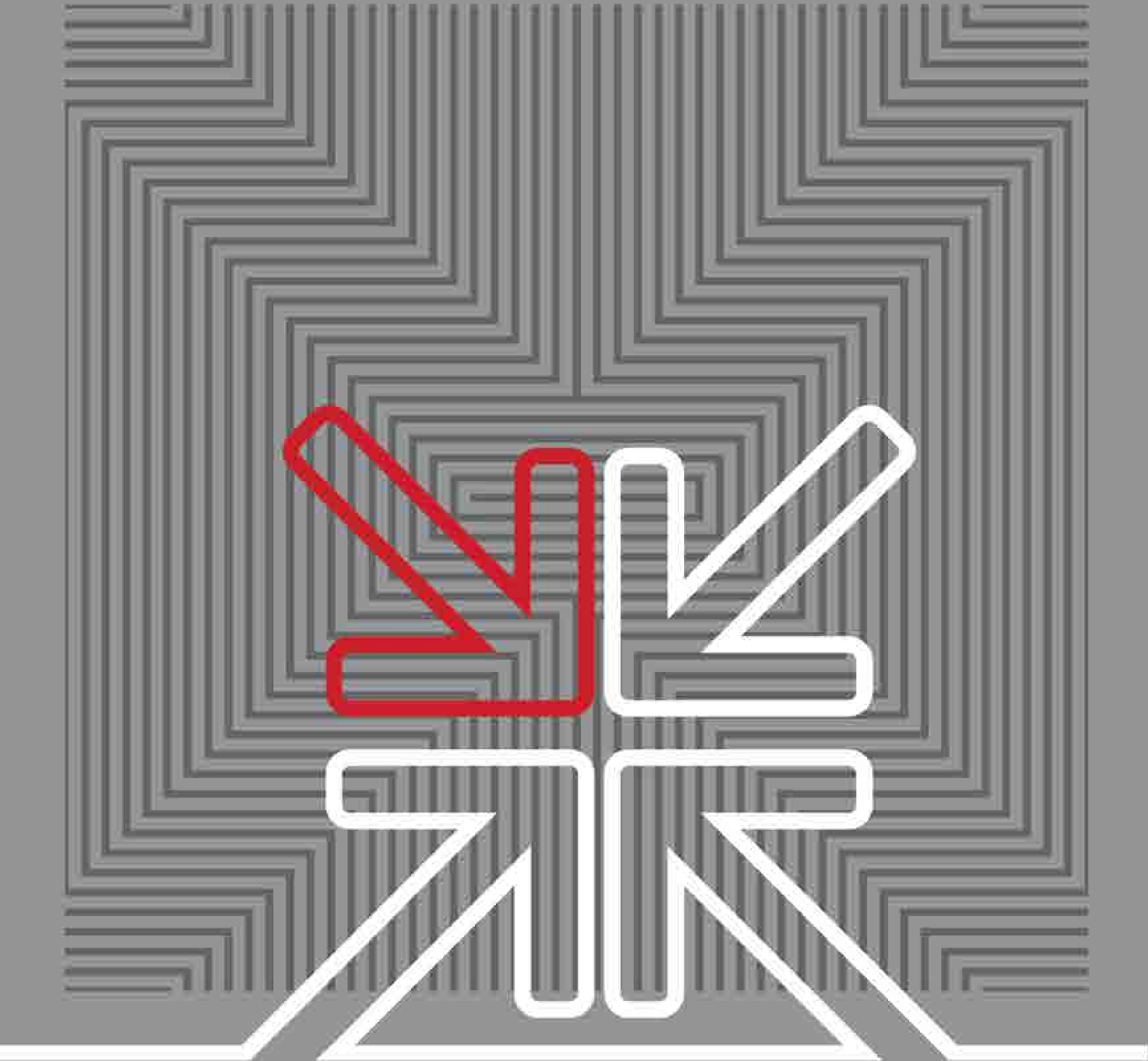
Underpinning our work culture is a new set of core values – Lean, Agile, Clean, Enterprising. These values define the Group's belief system, which guides and steers our people in business dealings, marketing, and engaging with customers and stakeholders.

I am pleased that our transformation has been substantially completed and that we are well geared to build a business that we all will be proud of and that we can face the business challenges ahead of us.

ZAINAL 'ABIDIN ABD JALIL
Group Managing Director

DNeX IS NOW MOBILISED WITH A RENEWED COMMITMENT TO ACHIEVE A NEW CORPORATE VISION. WE ASPIRE "TO BE A LEADING MULTINATIONAL CORPORATION THAT IS TRUSTED FOR ITS WORLD-CLASS SERVICES AND EXPERTISE"

AGILE



We are a merit-based organisation that stays ahead through learning, inclusiveness, and change.

CORPORATE PROFILE

AT DNeX, OUR CORE BUSINESSES STEM INTO A MYRIAD OF SECTORS THAT ENCOMPASSES A FAMILY OF SPECIALISED COMPANIES; EACH PROVIDING CUSTOMISED SERVICES, SOLUTIONS AND EVEN INFRASTRUCTURES, ENGINEERED AND LED BY INDUSTRY EXPERTS.

We pride ourselves in offering effective, workable and commercially-realistic solutions to meet our clients' requirements. Our reputation for pragmatic services is the result of the emphasis we place on understanding clients' objectives, priorities and requirements. An important element of this is the close working relationship we foster with our clients – we place a premium on understanding their commercial strategies and goals, and defend our clients' competitive edge.

DEPTH OF TECHNOLOGICAL KNOW-HOW, BREADTH OF TECHNICAL EXPERIENCE

We leverage on our highly qualified team members comprising certified engineers and security analysts, and draw upon our project managers' and consultants' industry experience with regulatory bodies, vendors, promoters and financiers to provide added value in our ideas and input.

DOMESTIC AND REGIONAL EXPERTISE

Our technology-driven experience and problem solving skills in the industry extend not only to large scale projects in Malaysia, but also to a number of significant assignments internationally in Laos, Myanmar, the United Kingdom, Vietnam and Senegal.

HOLISTIC AND INTEGRATED APPROACH

We have extensive experience in engaging, consulting and advising sponsors, intermediaries and end-users across the spectrum of projects to devise workable and realistic solutions for our clients. For example, we house our IT infrastructure solutions, application development team and cyber security services under one roof, so that our clients benefit from a one-stop full-service facility and seamless delivery of services.

QUALITY ASSURANCE

To assure consistent quality of service standards, we place emphasis on standard operating procedures in our workflow. This ensures that all deliverables are produced and presented in a timely manner; and documents and advice we provide are reviewed and approved by superiors with relevant expertise and one who is a subject matter expert. We also go to great lengths to preserve data confidentiality to safeguard the interests of our clients.

FACILITATING TRADE PROCESSES

ONE OF OUR KEY BUSINESSES IS IDEATING, ENGINEERING AND DELIVERING CUSTOMISED TRADE PROCESS SOLUTIONS. FOR OVER 25 YEARS, WE HAVE BEEN INNOVATING BUSINESS-TO-BUSINESS AND BUSINESS-TO-GOVERNMENT OFFERINGS WITH MALAYSIA'S MOST ADVANCED MANAGEMENT SOFTWARE – MAKING BUSINESS FLOW LIKE NEVER BEFORE.

NATIONAL SINGLE WINDOW

Over the years, we have achieved an array of breakthroughs, building over 25 years of experience in making Business-to-Government (B2G) transactions, seamless and paperless.

We have also have been assigned the role of exclusive operator of the National Single Window for Trade Facilitation and is continuously engaged by the Government of Malaysia in the development of trade facilitation and e-commerce in the country.

Today, we serve over 25,000 users in the trade facilitation and logistics fraternity, offering them connectivity to 167 points of entry and exit including 24 major seaports and 32 Permit-issuing agencies in Malaysia, as well as a link to 10 local banks. Our secured and robust infrastructure processes more than 100 million transactions a year, with more than RM10 billion worth of Customs duty payment transacted through our gateway.

You Trade. We Facilitate.

myCargo2U

myCARGO2U

myCargo2U is the first holistic and integrated trade facilitation tool online, that encompasses the entire supply chain process; from pre to post declaration, cargo/marine insurance, billing/invoicing, access to trade financing and even data warehousing – encapsulating the complete B2G processes to back-office requirements.

With intelligent streamlined services, freight forwarders and shipping agents can now access and enjoy convenient services in just a few clicks without leaving home.

halalforall

GLOBAL HALAL EXCHANGE

Global Halal Exchange provides a convenient electronic hub which enables suppliers of Halal products and services to reach the global market easily.

Through globalhalalexchange.com, suppliers experience great accessibility and transactional ease through features and services that will help get their products to markets as quickly as possible, including setting merchants up with online tools to make their business run smoothly. Create business opportunities, develop business network and promote knowledge in the Halal industry – all online and in real time.

myPayment

myPAYMENT

myPayment is DNeX's proprietary online payment platform that allows users to prepare, submit and settle payments, anytime and anywhere.

Developed in-house to facilitate online payments for Customs duties and Importation GST, and permit fees, this modular-based application is also available for various bill settlements including transaction fees, prepaid top-up, premium for marine cargo insurance, or any other general payments in favour of any registered billers. myPayment provides users real-time tracking on their payment, and ensures where the money needs to go, safely and securely.

CORPORATE PROFILE

TECHNOLOGY, HUMANISED FOR YOU

TECHNOLOGY IS ONLY AS GOOD AS ITS PURPOSE. THAT IS WHY AT DNeX, WE CONSTANTLY EMBRACE, CHALLENGE AND IMPROVE ON TODAY'S LATEST TECHNOLOGICAL ADVANCEMENTS TO PROVIDE COMMUNITIES AN EDGE THAT IMPACTS LIFE FOR THE BETTER.

RADIO FREQUENCY IDENTIFICATION (RFID) SOLUTION

Our RFID solutions spans the commercial and residential sectors, as well as business and industrial industries. We take pride in designing end-to-end solutions, aimed at leading high impact results; boosting productivity, revenue growth and bottom line profitability.

Our speciality lies in providing complete RFID solutions; encapsulating planning, project management, integration, installation, hardware, software and high quality of service maintenance to improve and protect customers' business operations with high and reliable technology. With the emergent need for an efficient transport monitoring system, our engineers have also recently embarked to develop solutions to facilitate cross-border vehicle tracking system.

We ensure the combination of our unparalleled experience and comprehensive capabilities across all industries and business functions bring towards seamless business operations.

FORTRESS®
Enterprise Security. Simplified.®

CYBER SECURITY SERVICES

Over the years, DNeX's FORTRESS® has helped many businesses build reliable, resilient security defences, reduce costs and achieve operational efficiencies. We achieve this by offering our very own end-to-end Cyber Security services, from Managed Services to Advisory Services.

FORTRESS® Managed Services are aimed at providing 360° Security Operations Centre (SOC) services including Monitoring, Network Security Management and Identity & Access Management.

On the other side of the spectrum is our Advisory Services, encapsulating Security Posture Assessment, Governance & Compliance, Security Management, Resiliency Management, Training, Incident Response & Cyber Forensics.

IT CONSULTING

The men and women who work on the Integrated Intelligent Infrastructure (I^3) are innovative problem solvers. From remodelling business, to refocusing strategic designs and even maintaining the system, our team of experts turns the complicated, into solutions that are simple and easy to manage.

DNeX specialises in full project management, from design and build right through to installation and commissioning. Our IT management and consultation approach emphasises a Standard Operation Procedure that includes designing, developing, improving, adopting and maintaining infrastructure to suit our clients' needs.

Additionally, our range of services include procurement, delivery, installation, testing and commissioning of IT equipment in large nationwide ICT rollout. Complementing all this is our comprehensive online and on-site technical support technicians who are authorised and certified by multinational vendors and strategic partners.

DATA ANALYTICS

The intelligence on disparate data ultimately gives our clients the ability to make tough business decisions.

Over the last decade, social media monitoring has grown to become a primary form of business intelligence, used to identify, predict, and respond to consumer behaviour. Our proprietary engine learns from conversations that matter most; it analyses and integrates essential information to provide clients deeper insights and a holistic overview of what their customers, competitors, critics, detractors and evangelists all included – what they really want and need, what they like and dislike. This data ultimately gives our 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.

CORPORATE PROFILE

ENERGISING NEW POSSIBILITIES

DNeX BUSINESS DIVERSIFICATION INTO THE ENERGY BUSINESS WAS SUCCESSFULLY COMPLETED VIA STRATEGIC ACQUISITIONS AND STRONG LONG-TERM PARTNERSHIPS. WITH A HEAVY KNOW-HOW COUPLED WITH LIGHT ASSET STRATEGY, WE WORK ON INTEGRATING AND DEVELOPING A COMMERCIALLY SUSTAINABLE ENERGY BUSINESS TOGETHER WITH FELLOW EXPERTS AND KEY INDUSTRY PARTNERS.

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.

With cumulative experience spanning more than 30 years in power plant development and operations, we work on IPP opportunities and strive to build and manage reliable power plants and key infrastructures for the energy sector.

OILFIELD SERVICES

Our ultimate aim is to provide integrated solutions with value creation to our clients in the Oilfield industry. We leverage on our industry expertise and know-how to integrate fit-for-purpose solutions with specialised knowledge for our clients, specifically those seeking to maintain competitive edge in the energy sector's fast changing landscape.

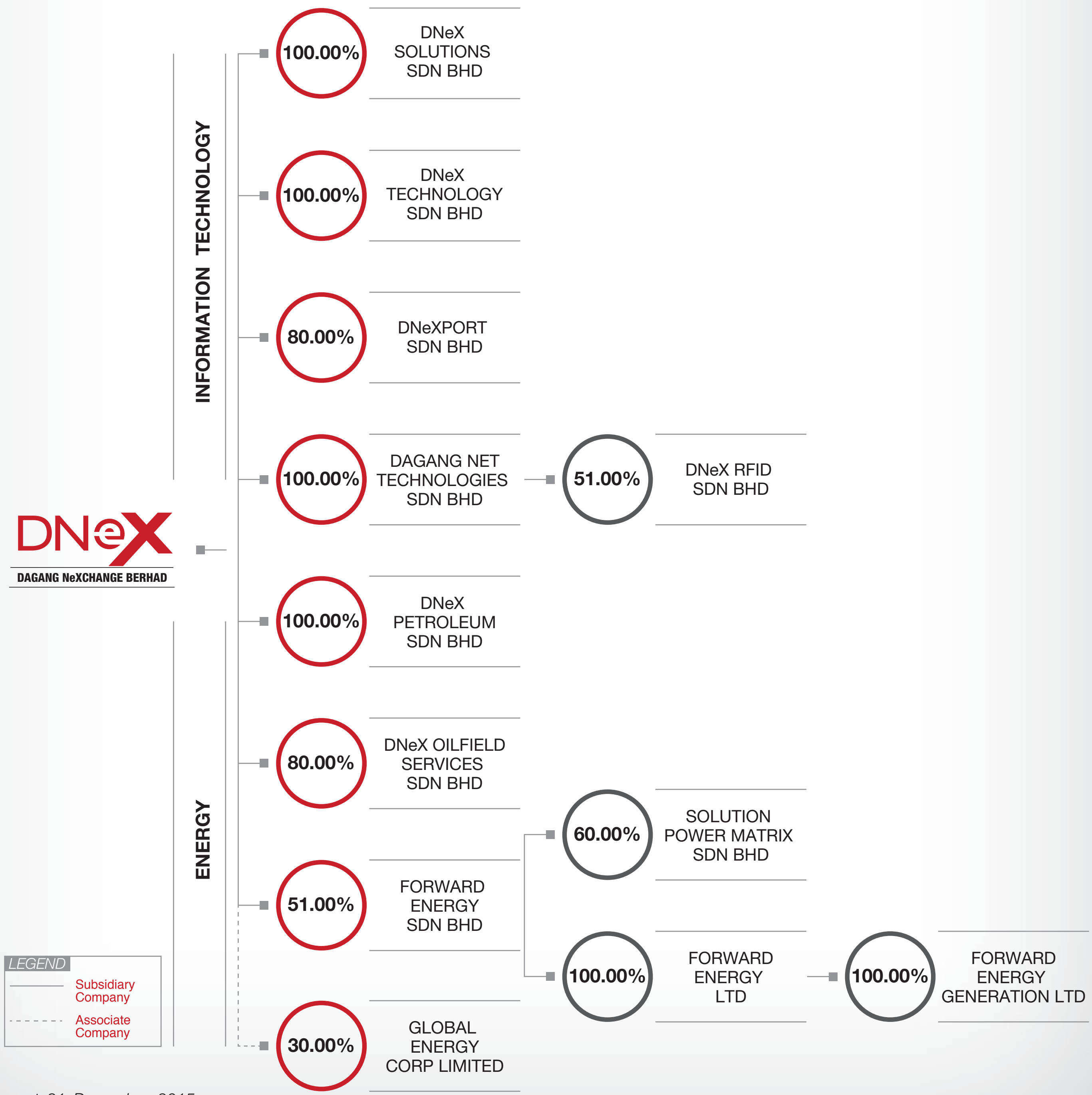
DNeX's very own niche technology and solutions brings forth new possibilities to oilfield services; placing emphasis on local competencies and cost efficiencies to enhance operational effectiveness.

Today, DNeX is a Malaysian pioneer for Self-Operated Directional Drilling/ Measurement While Drilling/Logging While Drilling service provider.

UPSTREAM OIL & GAS

With a combination of proven commercial expertise and effective partnerships, as well as a strong commitment to maximise shareholder value, we seek to own assets with proven hydrocarbon reserves in preferred locations with stable fiscal regime. 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.

GROUP CORPORATE STRUCTURE



as at 31 December 2015

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
(Resigned on 12 April 2016)

Satria Ahmad
Independent Non-Executive Director

Zainal 'Abidin Abd Jalil
Group Managing Director

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

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

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

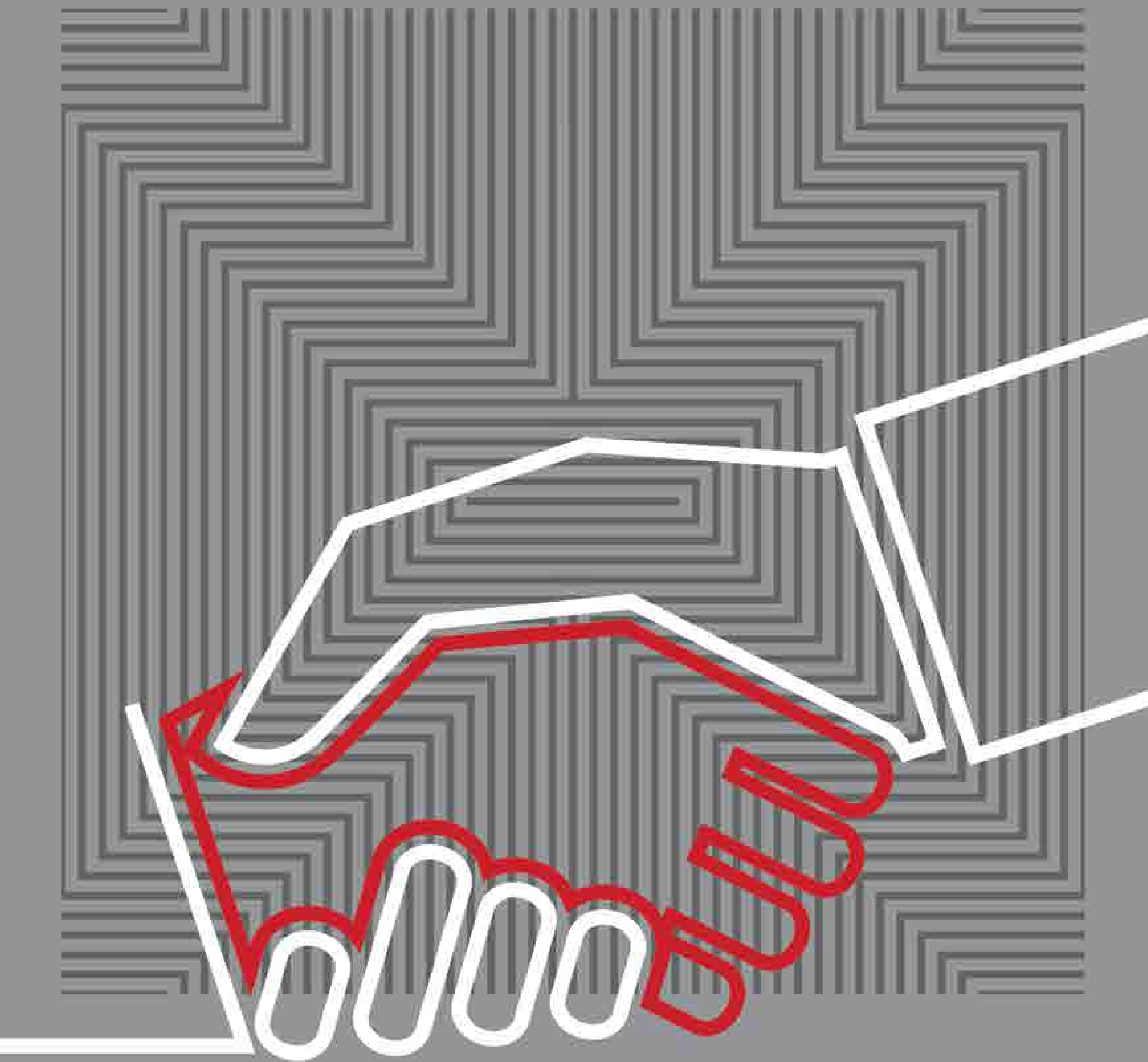
Main Market of the
Bursa Malaysia Securities Berhad
[Listed since 12 September 1983]

Stock Name : DNEX
Stock Code : 4456
Sector : Technology

PRINCIPAL BANKERS

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

CLEAN



We are committed to the highest standards of business ethics – infusing trust in all business relationships and doing the right thing, even when no one is looking.

BOARD OF DIRECTORS

Seated left to right:
Ang Hsin Hsien (Non-Independent Non-Executive Director)
Datuk Samsul Husin (Executive Deputy Chairman)
Zainal 'Abidin Abd Jalil (Group Managing Director)
Dato' Wong Kam Yin (Executive Director)
Tan Sri Abd Rahman Mamat (Chairman/Independent Non-Executive Director)

Standing left to right:
Dato' Arif Ambrose Leonard Ng (Independent Non-Executive Director)*
Satria Ahmad (Independent Non-Executive Director)
Rosli Abdullah (Senior Independent Non-Executive Director)
Norlila Hassan (Independent Non-Executive Director)

Notes:

* *Resigned on 12 April 2016*

PROFILE OF DIRECTORS

- Nationality **Malaysian**
- Age/Gender **63/Male**
- Date of Appointment **12 December 2013**

TAN SRI ABD RAHMAN MAMAT

Chairman/Independent Non-Executive Director

Tan Sri Abd Rahman Mamat, aged 63, 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, Malaysian Industrial Development Finance 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 five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2015.

- Nationality **Malaysian**
- Age/Gender **53/Male**
- Date of Appointment **12 November 2013**

DATUK SAMSUL HUSIN

Executive Deputy Chairman

Datuk Samsul Husin, aged 53, 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 over 26 years of IT and accounting experience.

Datuk Samsul specialises in financial systems, system planning and designing. He started his career in 1986 with Selangor State Secretary Housing Division where he received hands-on experience in the planning, designing and the subsequent delivery of a Billing System for low-cost housing development projects in the state. 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.

After leaving the public sector, Datuk Samsul 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.

Datuk Samsul's areas of specialty include system computerisation, in particular the easing of decision support systems, public sector accounting for statutory bodies, change management and project management.

Datuk Samsul was awarded the technopreneur excellence award in 2011 by PIKOM and has been named "Ikon Usahawan BCPLC 2014-2015" by Ikon PLC Bumiputera, a business publication that monitors and highlights performance of Bumiputera-led public listed companies in 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.

Datuk Samsul attended all the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

ZAINAL 'ABIDIN ABD JALIL

Group Managing Director

Zainal 'Abidin Abd Jalil, aged 57, 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 all the six (6) Board Meetings held during the financial year ended 31 December 2015.

• Nationality	**Malaysian**
• Age/Gender	**57/Male**
• Date of Appointment	**19 June 2014**

DATO' WONG KAM YIN

Executive Director

Dato' Wong Kam Yin, aged 47, 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 DNeXPORT Sdn Bhd (formerly known as DNeX Hallmark e-Commerce 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 six (6) Board Meetings held during the financial year ended 31 December 2015.

• Nationality	**Malaysian**
• Age/Gender	**47/Male**
• Date of Appointment	**12 December 2013**

PROFILE OF DIRECTORS

- Nationality **Malaysian**
- Age/Gender **62/Male**
- Date of Appointment **12 December 2013**

ROSLI ABDULLAH

Senior Independent Non-Executive Director

Rosli Abdullah, aged 62, 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 Universiti Malaya, Malaysia. 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, the 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, 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 five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2015.

- Nationality **Malaysian**
- Age/Gender **53/Female**
- Date of Appointment **12 December 2013**

NORLILA HASSAN

Independent Non-Executive Director

Norlila Hassan, aged 53, 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 six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

SATRIA AHMAD

Independent Non-Executive Director

Satria Ahmad, aged 59, 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 all the six (6) Board Meetings held during the financial year ended 31 December 2015.

• Nationality	**Malaysian**
• Age/Gender	**59/Male**
• Date of Appointment	**5 June 2014**

ANG HSIN HSIEN

Non-Independent Non-Executive Director

Ang Hsin Hsien, aged 48, 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 namely in formulating sales and marketing plans for business solutions for both the public and private sector as well as managing strategic accounts.

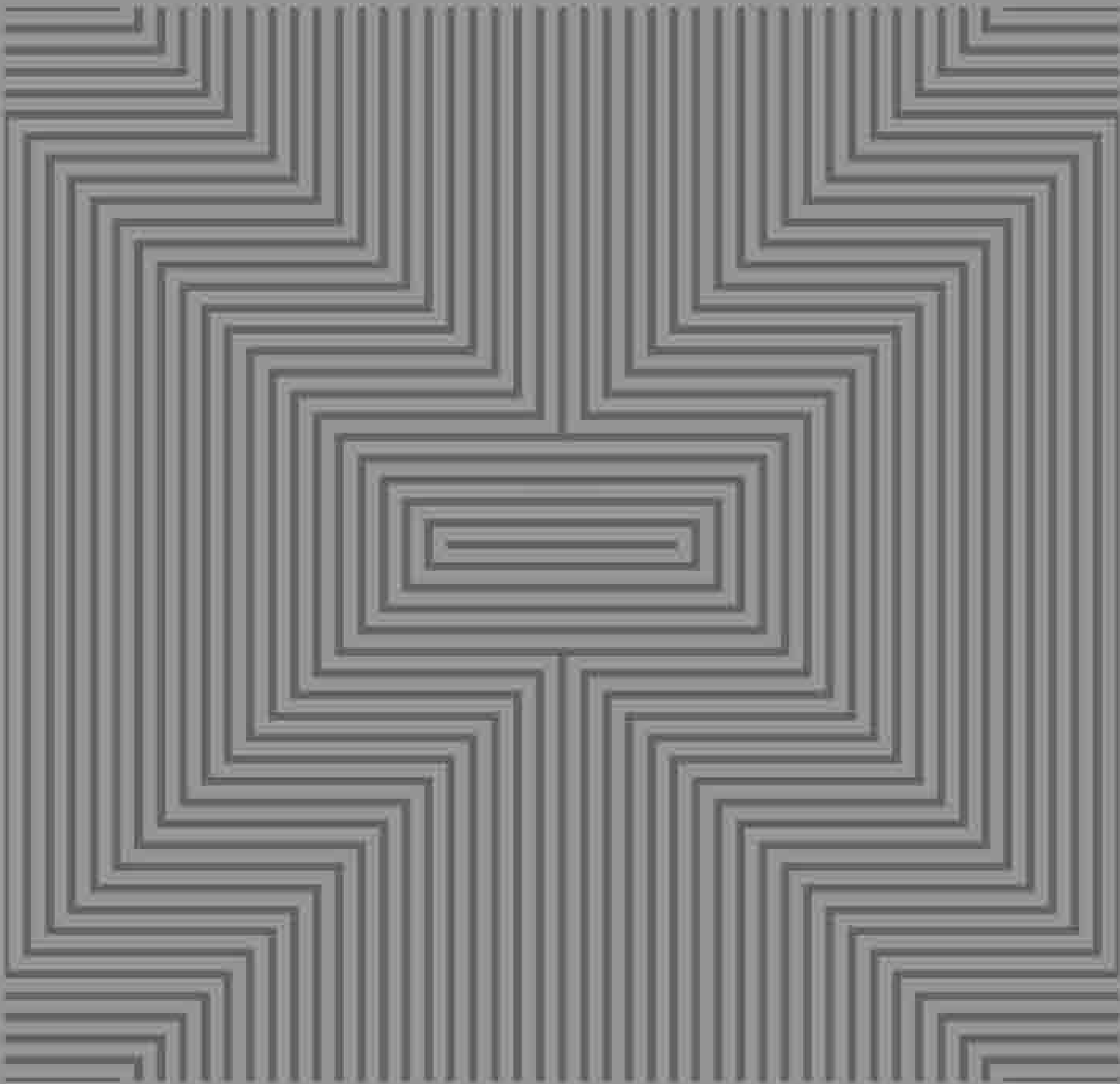
Ang currently heads the Group Business Development of Censof Holdings Berhad where she serves as the Executive Director. Her expertise in managing supplier-clientele confidence, developing new business opportunities and identifying potential markets, coupled with in-depth knowledge on public and private sector, change management as well as project management has enabled her team to provide personalised ideas and cost-effective solutions to support clients' financial and operational needs. Ang also leads her team in spearheading new business both in the local and international market.

Ang also has vast experience in the business strategy area specifically harnessing on cloud computing. This skill has enabled Ang and her team to bring the business in Censof up to the top of the market. Ang is also known for her business analysis skills and is a cross-functional team leader. One of her other key strengths include dealing with human capital development and management. Ang overlooks all operations at Knowledgecom Corporation Sdn Bhd, a leading training provider company in Malaysia.

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.

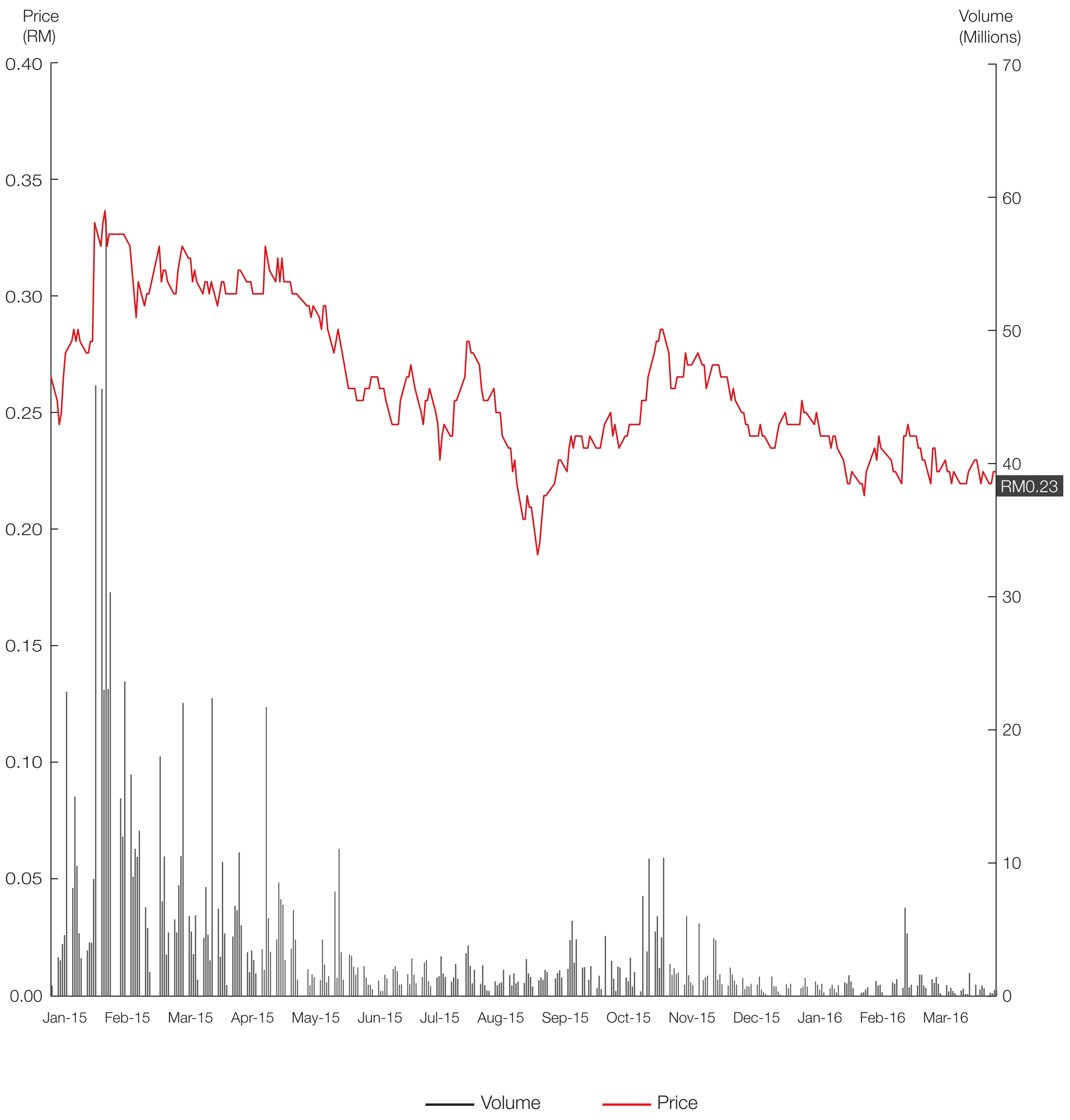
Ang attended five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2015.

• Nationality	**Malaysian**
• Age/Gender	**48/Female**
• Date of Appointment	**12 December 2013**




LEAN
CLEAN
AGILE
ENTERPRISING

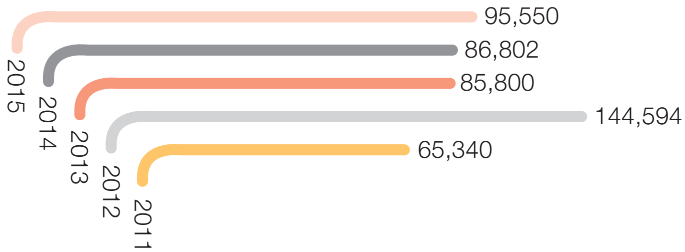
SHARE PERFORMANCE



5-YEAR FINANCIAL HIGHLIGHTS

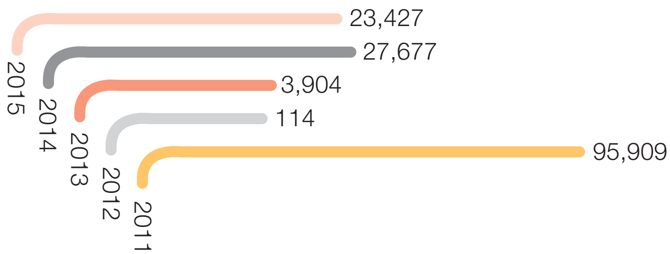
		2011	2012	2013	2014	2015
Consolidated Statements of Financial Position (RM'000)						
Investments		–	–	–	–	**4,172**
Other Assets		185,681	241,916	182,207	172,319	**169,117**
Total Assets		185,681	241,916	182,207	172,319	**173,289**
Share Capital		155,049	155,049	155,049	155,049	**155,049**
Reserves		(20,810)	(51,846)	(81,074)	(68,859)	**(54,049)**
Equity Attributable to shareholders of the company		134,239	103,203	73,975	86,190	**101,000**
Non-controlling interests		18,396	11,845	17,795	21,996	**(747)**
Borrowing		–	67,386	57,024	38,530	**20,036**
Other Liabilities		33,046	59,482	33,413	25,603	**53,000**
Total Equity and Liabilities		185,681	241,916	182,207	172,319	**173,289**
Consolidated Statements of Profit or Loss and Other Comprehensive Income (RM'000)						
Revenue		65,340	144,594	85,800	86,802	**95,550**
Results from operating activities		2,343	2,494	18,320	28,295	**23,232**
Finance costs		(1,517)	(538)	(3,442)	(2,390)	**(1,449)**
Gain on disposal of investment		91,927	–	–	–	**–**
Impairment loss in plant and equipment		–	–	(9,781)	–	**–**
Finance income		3,156	2,658	1,851	1,772	**1,644**
Provision for legal claim		–	(4,500)	(3,044)	–	**–**
Profit Before Taxation		95,909	114	3,904	27,677	**23,427**
Zakat		(295)	(281)	(266)	(259)	**(359)**
Taxation		(4,488)	(2,999)	(3,659)	(9,649)	**(7,243)**
Profit/(Loss) For the Year		91,126	(3,166)	(21)	17,769	**15,825**
Attributable to:						
Owners of the Company		87,490	(7,779)	(5,971)	12,215	**11,226**
Non-controlling interests		3,636	4,613	5,950	5,554	**4,599**
Profit/(Loss) For the Year		91,126	(3,166)	(21)	17,769	**15,825**
Financial Highlights (RM'000)						
Revenue		65,340	144,594	85,800	86,802	**95,550**
Profit Before Taxation		95,909	114	3,904	27,677	**23,427**
Profit/(Loss) For The Year After Taxation		91,126	(3,166)	(21)	17,769	**15,825**
Profit/(Loss) Attributable To owners of the Company		87,490	(7,779)	(5,971)	12,215	**11,226**
Financial Ratios						
Revenue Growth	%	(25.5)	121.3	(40.7)	1.2	**10.1**
Debt/Equity ratio	times	–	0.6	0.6	0.4	**0.2**
Net Earnings/(Loss) per Share	sen	11.29	(1.00)	(0.77)	1.58	**1.45**
Gross Dividend per Share	sen	6.67	4.00	–	–	**–**
Net Assets per Share	RM	0.17	0.13	0.10	0.11	**0.13**
Closing Price	sen	26.0	30.0	25.5	25.5	**25.0**
Price Earnings Ratio	times	2.3	NA	NA	16.1	**17.2**

REVENUE (RM'000)



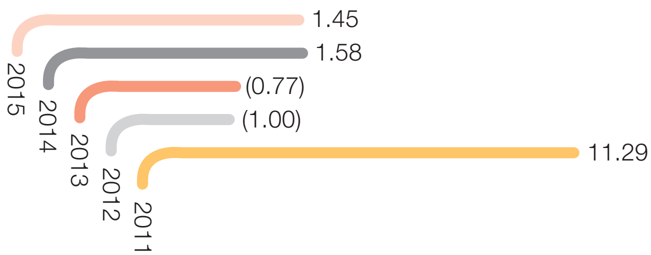
95,550

PROFIT BEFORE TAXATION (RM'000)



23,427

NET EARNINGS/(LOSS) PER SHARE (SEN)



1.45

NET ASSETS PER SHARE (RM)

0.13

FINAN CALEND 2015

24 February 2015

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2014.

1 April 2015

Announcement of the annual audited accounts for the year ended 31 December 2014.

15 May 2015

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2015.

27 August 2015

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2015.

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2016

23 November 2015

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2015.

26 February 2016

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2015.

28 March 2016

Announcement of the annual audited accounts for the year ended 31 December 2015.

BLOOM@DNeX PROJECT

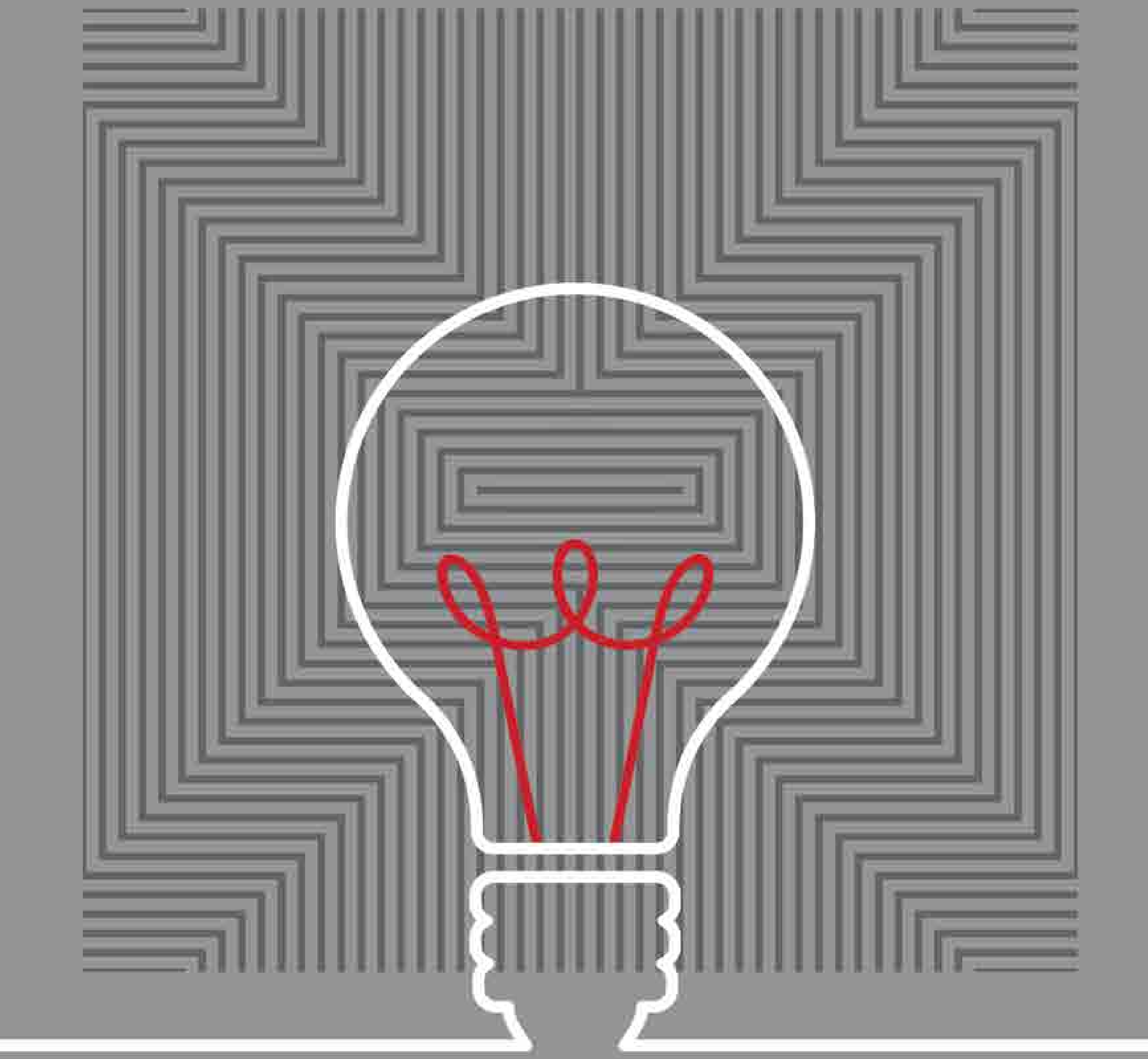
In today's world, technology is enabling us to create incredible value at a pace faster than we have ever seen. As an established corporation that connects governments, businesses, people, machines and devices around the world, we have an enormous opportunity to change the lives of the people around us for the better. In June 2015, DNeX introduced Bloom@DNeX Project as our signature corporate social responsibility programme. Our hopes for Bloom@DNeX are focused on empowering the children of today to be leaders of tomorrow. We deploy our expertise, partnerships and financial resources, to enrich and create a positive impact on underprivileged children. Through initiatives under the Bloom@ DNeX Project, we have raised funds, held Ramadhan break fast event, celebrated Maulidur Rasul, organised a Raya shopping spree, and made zakat contribution for Back-to-School programmes; all for the underprivileged children of Pusat Jagaan Baitul Hidayah Puchong and students of selected schools in Cheras.

As we continue to make progress in becoming a leading corporation trusted for our world class expertise and services, and as more and more people and businesses come online and become connected, DNeX will continue to play our role as an active facilitator and partner in building communities and the nation through Bloom@DNeX.

ORATE

NSIBILITY

ENTERPRISING



We put our imagination to test and continuously invest in disruptive innovative solutions that achieves efficiency for our customers, people and communities.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Dagang NeXchange Berhad ("DNeX" or "Company") recognises the importance of good corporate governance and is committed to practice high standards of corporate governance throughout the Group.

The Board is pleased to provide the following statement which outlines how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") during the financial year ended 31 December 2015:-

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Composition and size of the Board

Throughout the financial year ended 31 December 2015, the Board consists of 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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board composition and size are periodically assessed by the Board through the Nomination and Remuneration Committee.

The Independent Directors which constitute more than one-third (1/3) of the composition of the Board, provide a check and balance in the functioning of the Board and enhance its effectiveness. Their presence is essential in providing unbiased, objective and impartial opinion, advice and judgment to the Board deliberations, mitigating risks of any possible conflict of interest or undue influence from interested parties. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making.

The members of the Board are of diverse backgrounds, specialisations and experience which bring a wealth of expertise to the leadership of the Group. The Board has the right mix of skills, experience and knowledge relevant to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected. The profile of each Director is set out on pages 30 to 37 of this Annual Report.

1.2 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") for the Group where specific functions are delegated to the relevant 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.

Matters Reserved for the Board's decision which are expressly set out in the Board Charter and DAL document, ensure that matters of strategic importance or having material impact are escalated to the Board for deliberation and approval. Key matters reserved for the Board's approval include transactions exceeding the limits of authority of the Group Managing Director/Executive Deputy Chairman, the annual operating plan and budgets, the quarterly financial results, the annual audited accounts, changes in group structure, interim dividends, equity investments/divestments and related party transactions, subject always to compliance with the law and regulations applicable to the Group.

The Board has delegated to the Group Managing Director/Executive Deputy Chairman, as provided in the DAL, the authority to approve, subject to thresholds, operational and capital expenditure, procurement, business development and business growth, and human resources matters such as staff recruitment, promotion and termination. The DAL sets out the specific approval thresholds for Management decisions and it is periodically reviewed to reflect the expansion/changes within the Group. Any changes to the limits of authority under the DAL will require Board approval.

The responsibilities of the Management include, among others, generating action plans for immediate, short term, medium term and long term periods, organising resources to achieve the Company's goals, directing and setting performance standards that indicate progress towards long-term goals of the Company.

1.3 Division of roles between the Chairman of the Board and Executive Director/Chief Executive Officer ("CEO")

The positions of Chairman of the Board and Executive Director/CEO shall be held by different individuals, and the Chairman must be a non-executive member of the Board. Their roles have been clearly defined to ensure accountability and division of responsibilities.

1.4 Clear Roles and Responsibilities

The Board is responsible for overseeing the management and business affairs, and makes all major policy decisions of the Company. The Board's fundamental approach in this regard is to ensure that the right leadership, strategy and internal controls for risk management are well in place. Additionally, the Board is committed to achieving the highest standards of business integrity, ethics and professionalism across all of the Company's activities. The Board shall provide central leadership to the Company, establish its objectives and develop the strategies that direct the ongoing activities of the Company to achieve these objectives. Directors will apply skill and care in exercising their duties to the Company and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Company for the Company's performance.

The Board has in place a Board Charter which was formalised on 25 March 2014. The Board Charter serves as a reference and primary induction literature, providing Board members and the Management insight into the function of the Board. The Board Charter contains specific guidance to the Board members on, inter alia, the key values, principles and ethos of the Company, the Board's principal responsibilities, composition of the Board, Directors' qualification standards, matters reserved for the Board, induction of newly appointed Directors and continuing education, annual performance evaluation and the division of roles between the Board and the Management.

The Board practices a clear division of roles and 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 Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion.

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.

In order to ensure effective discharge of the Board's functions, the Board will assume the following six (6) principal responsibilities:-

(a) reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries ("Group");
(b) overseeing the conduct of the Group's business and to evaluate whether the business is properly managed. In this respect the Board must ensure that there are objectives in place against which the Management's performance can be measured;
(c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
(d) ensures succession planning including appointing, training, fixing the remuneration and where appropriate, replacing senior management;
(e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
(f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable law, regulations, rules, directives and guidelines.

CORPORATE GOVERNANCE STATEMENT
(continued)

1.5 Code of Ethics and Whistleblowing Policy

DNeX incorporates a Code of Conduct ("Code"), which requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities.

The Code contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. It is designed to maintain discipline and order in the workplace among employees of all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the actions that can be taken against them if they do so. As employees and representatives of the Company, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable law and regulations.

It is thus the responsibility of all officers and employees to comply with the Code and to report violations or suspected violations thereto. Accordingly, a Whistleblowing Policy has been formulated with a view to provide a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's code of conduct or ethics policy.

The details of the Whistleblowing Policy is available for reference at the Company's website **www.dnex.com.my**. The Whistleblowing Policy is administered by the Group Human Resource Division and overseen by the Chairman of the Board Audit Committee. Employees and other interested parties are able to report their concerns related to matters covered by the Code to the dedicated whistleblowing email channel at **whistle@dnex.com.my**.

1.6 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's culture.

1.7 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.

Both external and internal auditors and/or advisers (including but not limited to the principal adviser for the corporate exercises undertaken by the Group) will be invited to attend Board meetings, if required, to provide additional information or clarification on matters relevant to the agenda of the Board meetings.

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 responsibilities of the company secretary include advising the Board on matters relating to the constitution of the Company, facilitating compliance with the MMLR of Bursa Securities and maintenance of statutory records.

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 MMLR of Bursa Securities. 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.

1.8 Periodic Review and Publication of Board Charter

The Board Charter is published on the Company's corporate website **www.dnex.com.my**. It shall be periodically reviewed and updated by the Board as necessary to ensure it remains relevant and effective.

2. STRENGTHEN COMPOSITION

The Board has three (3) standing committees, namely the Nomination and Remuneration Committee, the Audit Committee and the Board Procurement and Tender Committee to which various matters are delegated in accordance with their respective terms of reference.

Each committee operates under their respective approved terms of reference. The Board Committees observe the same rules of conduct and procedures as the Board, unless otherwise determined by the Board.

2.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises entirely of Independent Non-Executive Directors. The composition of the NRC is as follows:-

Name	Designation	Directorate
Norlila Hassan	Chairperson	Independent Non-Executive Director
Rosli Abdullah	Member	Senior Independent Non-Executive Director
Satria Ahmad	Member	Independent Non-Executive Director

The NRC meets as and when required. The NRC met once during the year under review with full attendance of its members.

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

(a) Annual assessment of the Board's effectiveness as a whole, the Board Committees and the contribution of each individual Director;
(b) Reviewed the monthly basic salary of the Executive Deputy Chairman of the Company; and
(c) Reviewed the proposal from Group Human Resource on changes and/or amendments to the DNeX Group employee benefits/terms and conditions of service and put forward recommendations to the Board for approval.

Criteria for Recruitment and Annual Assessment of Directors

Appointment of Directors and Board Diversity

The Board may appoint directors to fill a casual vacancy or as additional Directors after an evaluation process which is carried out by the NRC. All Board appointments shall be 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.

CORPORATE GOVERNANCE STATEMENT
(continued)

In respect of new Board appointees, the NRC evaluates a potential Board candidate based on established criteria which include:

(a) Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
(b) An unblemished reputation for integrity;
(c) A reputation for exercising good business judgment; and
(d) Sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and of any committees to which he or she may be appointed.

Each Director will have the opportunity to meet the proposed candidate before appointment.

In relation to board diversity, the Board acknowledges the recommendation of the MCCG 2012 pertaining to the establishment of boardroom gender diversity policy. The Board is at present guiding the transformation of DNeX and its current Board composition reflects the need for a balanced experience and skill mix to steward the Company. After reaching steady-state, the Board will look for opportunities to achieve the diversity target which includes gender diversity in line with the strategic stewardship needs of the Company at that time. The critical attributes of suitable Board candidate include skills, knowledge, expertise and experience, professionalism, character, competence, commitment (including time commitment) and integrity that the candidate shall bring to the Board. The female representation on the Board is 22.22%.

Re-election of Directors

The Company's Articles of Association provides that an election of Directors shall take place at an annual general meeting of the Company. All Directors including the Managing Director shall retire from office once at least in every three (3) years, but shall be eligible for re-election.

The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Where a person has been appointed as Director either to fill a casual vacancy or as an additional Director, he shall hold office only until the next annual general meeting and shall then be eligible for re-election.

The NRC also makes recommendations to the Board on the re-election of Directors.

Annual Assessment of Directors

The Board, through the NRC, conducts an annual assessment on its effectiveness as a whole, each individual Director and the Board Committees established by the Board.

The Board is assessed in the areas of the Board's roles and responsibilities, structure and composition, conduct, meeting process, interaction and communication with the Management and other stakeholders, as well as the effectiveness of the Chairman.

The Board Committees are assessed in terms of accountabilities and responsibilities and the success of the Committees in achieving its objectives.

The 2015 assessment was carried out in January 2016 through questionnaires sent to each individual director and encompasses an assessment of the performance of the Board as a whole, the Board Committees and individual Directors (via self and peer assessment) as well as the independence of Independent Directors.

2.2 Audit Committee

The Audit Committee Report is set out on pages 61 to 63 of this Annual Report.

2.3 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. No meeting was held during the financial year.

The composition of the BPTC is as follows:-

Name	Directorate
Datuk Samsul Husin	Executive Deputy Chairman
Ang Hsin Hsien	Non-Independent Non-Executive Director
Satria Ahmad	Independent Non-Executive Director

3. 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 45th AGM for the financial year 2015, 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, at RM750 per meeting for the Board Committee Chairman and RM500 per meeting for the members of Board Committee.

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 2015 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	2,760	1,320	–	–	4,080
Non-Executive Directors	–	–	349	84	433

(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	–	1
RM50,001 to RM100,000	–	5
RM900,001 to RM950,000	1	–
RM1,450,001 to RM1,500,000	1	–
RM1,650,001 to RM1,700,000	1	–

4. REINFORCE INDEPENDENCE

4.1 Annual Assessment of Independent Directors

The Board, through the NRC, 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.

CORPORATE GOVERNANCE STATEMENT
(continued)

The concept of independence adopted by the Board is in tandem with the definition of an independent director in paragraph 1.01 of the MMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an independent director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. The Board has also adopted the assessment criteria provided in the Corporate Governance Guide issued by Bursa Securities.

Based on the recommendation of the NRC, the Board is satisfied that our Independent Non-Executive Directors have continued to exercise independent judgment and acted in the best interests of the Company and the Company's stakeholders during the financial year.

4.2 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.

4.3 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, Tan Sri Abd Rahman Mamat has been an Independent Non-Executive Director since his appointment to the Board on 12 December 2013.

5. FOSTER COMMITMENT

5.1 Time commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. The annual Board meeting calendar is planned and agreed with the Directors prior to the commencement of each new financial year.

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 2015, the Board met six (6) 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 2015 are as follows:-

Name of Director	Directorate	Attendance
Tan Sri Abd Rahman Mamat	Chairman/Independent Non-Executive Director	5/6
Datuk Samsul Husin	Executive Deputy Chairman	6/6
Dato' Arif Ambrose Leonard Ng	Independent Non-Executive Director	4/6
Dato' Wong Kam Yin	Executive Director	6/6
Rosli Abdullah	Independent Non-Executive Director	5/6
Norlila Hassan	Independent Non-Executive Director	6/6
Ang Hsin Hsien	Non-Independent Non-Executive Director	5/6
Satria Ahmad	Independent Non-Executive Director	6/6
Zainal 'Abidin Abd Jalil	Group Managing Director	6/6

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.

5.2 Directors' Training

All Directors had attended and completed the Mandatory Accreditation Programme (MAP) as required by the MMLR of Bursa Securities.

The Board is mindful of the need for directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations, current commercial issues and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programmes are identified and arranged for directors' participation from time to time to further enhance their skills and knowledge, and the Company allocates a dedicated training budget to support the continuous development of the directors.

Except for Dato' Arif Ambrose Leonard Ng, all the other Directors of the Company attended trainings during the financial year 2015. The development and training programmes attended by the Directors in 2015 are as follows:-

Name of Director	Training/Seminar/ Conference Attended	Date	Organiser/Co-ordinator
Tan Sri Abd Rahman Mamat	Lead the Change : Getting Women on Boards	8 May 2015	PEMANDU in collaboration with the Ministry of Women, Family and Community Development
	Risk Management & Internal Control Workshop for Audit Committee Members: Is our line of defence is adequate and effective?	11 June 2015	Bursa Malaysia
	Board Chairman Series Part 2 – Leadership Excellence from the Chair	27 July 2015	Bursa Malaysia
	CG Breakfast Series with Directors – Bringing the best out in Boardrooms	31 July 2015	Bursa Malaysia
	Corporate Governance Breakfast Series entitled "Future of Auditor Reporting - The Game Changer for Boardroom"	21 Sept 2015	Bursa Malaysia
Datuk Samsul Husin	MIA International Accountants Conference 2015	26 & 27 October 2015	Malaysian Institute of Accountants (MIA)
Dato' Wong Kam Yin	Corporate Financial Reporting - Are you making the right decisions?	10 December 2015	Bursatra Sdn Bhd
Rosli Abdullah	Directors Forum 8/2015 - 'Talent and Human Capital: The Drivers of Growth and Creativity'	23 & 24 March 2015	Malaysian Directors Academy (MINDA)
	Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4)	19 November 2015	Securities Industry Development Corporation (SIDC)
	Anti-Money Laundering and Anti-Terrorist Financing and Proceeds of Unlawful Activities (AMLATFPUAA 2001) for Directors	26 November 2015	SIDC

CORPORATE GOVERNANCE STATEMENT
(continued)

Name of Director	Training/Seminar/ Conference Attended	Date	Organiser/Co-ordinator
Norlila Hassan	Audit Committee Conference 2015 - Rising to New Challenges	24 March 2015	Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia
Satria Ahmad	Corporate Financial Reporting - Are you making the right decisions?	10 December 2015	Bursatra Sdn Bhd
Zainal 'Abidin Abd Jalil	Corporate Governance Breakfast Series with Directors - "The Board's Response in Light of Rising Shareholder Engagements"	4 August 2015	Bursa Malaysia and The Iclif Leadership and Governance Centre
Ang Hsin Hsien	Coaching with Confidence	28 January 2015	PIKOM
	Audit Committee Conference 2015 - Rising to New Challenges	24 March 2015	Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia

6. UPHOLD INTEGRITY IN FINANCIAL REPORTING

6.1 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 MMLR 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.

6.2 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 Statements of the Group pursuant to Section 169 of the Companies Act, 1965 is set out on pages 66 to 69 of this Annual Report.

6.3 Relationship with Auditors and Independence of External Auditors

Through the Audit Committee, the Board maintains a transparent and professional relationship with the Company's auditors, both external and internal. The Audit Committee met the external auditors twice during the year under review without the presence of the Executive Directors and the Management to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention.

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.

7. RECOGNISE AND MANAGE RISKS

7.1 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 59 and 60 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.

7.2 Internal Audit Function

The Board recognises the importance of risk management and is committed in maintaining a sound system of risk management and internal control in conduct of its business operations. The internal audit function has been outsourced to 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 63 of this Annual Report.

8. 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.

9. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

9.1 Annual General Meeting ("AGM")

The AGM is the principal platform of communication with shareholders of the Company. The Annual Report together with the Notice of AGM is sent to registered shareholders within the prescribed period as allowed under the Company's Memorandum and Articles of Association and the MMLR of Bursa Securities as the case maybe.

At the AGM, the Chairman briefed members, corporate representatives and proxies who were present of their right to speak and vote on the resolutions set out in the Notice of AGM.

The Board encourages shareholders' participation during question and answer sessions at the AGM and provides sufficient opportunity for shareholders to communicate their concerns. The external auditors are invited to the meeting to provide their professional and independent view to shareholders, if required.

9.2 Investor Relations

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.

CORPORATE GOVERNANCE STATEMENT
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A dedicated Investor Relations section is available on our corporate website **www.dnex.com.my**. Information on the website is updated on a regular basis.

Announcements (including Annual Reports and quarterly financial reports) made by the Company to Bursa Securities are accessible from **www.bursamalaysia.com** and our corporate website.

Analysts' briefings, media conference and interviews attended by the Group Managing Director, Executive Directors and senior management were held on a regular basis in order to facilitate communication between the Company, shareholders and the investment community. The Company held two (2) analysts' briefings and numerous media conferences and interviews during the financial year 2015. During these sessions, business updates including operations, products and services, progress of corporate development were provided to give a better understanding of the Company to the investing public and other stakeholder via these conduits namely financial analysts and media.

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.

10. OTHER INFORMATION OF COMPLIANCE

10.1 Non-Audit Fees

Non-Audit fees of RM54,000.00 paid to the external auditors, Messrs. Crowe Horwath relate to the following:-

(i) Special audit for the financial period from 1 April 2014 to 31 March 2015; and
(ii) Review of the Statement on Risk Management and Internal Control.

10.2 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 2015.

10.3 Recurrent Related Party Transactions

During the financial year 2015, the Company did not enter into any recurrent related party transaction that requires the shareholders' mandate.

10.4 Material Contracts involving Directors and Major Shareholders

Save as disclosed in the Audited Financial Statements for the year ended 31 December 2015, none of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.

10.5 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 MMLR of Bursa Securities.

11. 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 4 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board') of DNeX is committed in maintaining a sound system of risk management and internal control in conduct of its business operations. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" and Practice Note 9 of the MMLR.

BOARD RESPONSIBILITIES

The Board recognises its responsibilities to oversee the overall risk management and internal control framework of the Group to ensure appropriate control environment is established and maintained, spanning DNeX's operations, financial reporting and compliance activities.

The Group's risk management and internal control systems are designed to meet the Group's business and operational needs, to efficiently and effectively manage risks that may hinder the achievement of the Group's business objectives, warrants compliance and provide accurate information for reporting. The process of identifying, evaluating, monitoring and managing significant risks that may materially affect the Group's business objectives has been in place throughout the year under review.

The Board convene meetings once at least on quarterly basis. Board papers are distributed to the Board members ahead of meetings and the members have access to all required relevant information financially and operationally. Amongst the matters being discussed throughout the year are financial results, risk management, auditor's appointment, annual internal audit plan and audit findings to satisfy the Board members that systems in place are reliable and functioning adequately. Decisions are made by the Board only after the required information is presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group.

However, the Group's systems of internal control seeks to manage and control risks, rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Group has in place a risk management framework designed to ensure principal risks are identified and that controls are adequate, in place and functioning effectively. Responsibility for risk management and control is delegated to the appropriate levels of management within the Group. The accountability of managing strategic risks rests with the Board and Executive Deputy Chairman whilst the Group Managing Director and Chief Financial Officer are accountable for operational risks.

The Group runs risk management processes where business, operational and financial risks are identified, managed and reported. Identification and evaluation of key business and operational risks are conducted through the risk management review, a formal process carried out together with risk owners. The respective heads of business and supporting units are responsible for monitoring and managing risks in their area of responsibility. The Group maintains a risk register and co-ordinates risk management activities and ensure that mitigating 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 regular basis. 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, the management assesses the root causes, probability of the risk occurring, impact and mitigating controls.

Risks which have been identified as significant and high were reviewed together with their associated mitigating controls and later reported to the Board on quarterly basis whilst risks rated medium and below were monitored at management level. Shareholders were also kept informed on material changes affecting the Group through continuous disclosure reporting via Bursa LINK announcement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

INTERNAL CONTROL

The system of internal control of the Group is an embedded part of its culture. The internal control system of DNeX encompassing of policies, processes and activities are subject to internal audit review. The internal audit function had been outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd since 2014. The internal auditors provide an independent assurance to the Board on the adequacy and effectiveness of the Group's system of internal controls and that assets of the Group are safeguarded against losses from unauthorised use or disposition.

For the year under review, the internal audit concluded that the Group has satisfactorily complied with the guidelines by the Malaysian Code on Corporate Governance 2012, risk management framework of DNeX Group, the Board Charter and Terms of Reference for the Board of Directors of DNeX Group. Various audit recommendations have been considered and implemented in view of improving internal controls and corporate governance and transparency.

Further to this, the external auditors conduct annual statutory audit on the financial statements. Areas for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Board.

FINANCIAL REPORTING

Internal controls over financial reporting are in place to provide reasonable assurance regarding the reliability of financial reporting in the preparation of financial statements for external reporting purposes. A summary of the Group's financial results supported by commentary and performance measures is provided to the Board on quarterly basis. Annual audits performed on financial statements by external auditors provide further assurance on the credibility of DNeX's financial reports.

The Group performs a comprehensive annual planning and budgeting exercise which includes the development and validation of business strategies for a rolling five-year period. Budgetary controls within the Group closely monitor actual performances against budgets to identify and to address significant variances.

The Group's performances against its targets are monitored via monthly Management Meetings attended by key management personnel, chaired by Executive Deputy Chairman. These meetings often discuss key issues surrounding the organisation where forward looking plans and decisions are made in view of achieving Group's strategic objectives.

ORGANISATION STRUCTURE AND AUTHORISATION PROCEDURES

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability. The Discretionary Authority Limits ("DAL") is in place to define the decision making limits for each level of management within the Group. The Board entrusts the daily running of the business to the Executive Deputy Chairman and the respective management team which will update the Board of any significant matters that require the Board's attention or approval.

As part of continual effort to improve the risk management on routine operational activities and system of internal controls, documented policies and procedures are regularly reviewed, updated and disseminated to relevant parties within the organisation. This is intended to preserve the effectiveness of internal controls in supporting the Group's business activities and growth.

Additionally, comprehensive and rigorous guidelines on employment, performance appraisal, training and employee retention are in place to ensure that employees are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

MANAGEMENT COMMITMENT

The Board received assurance from the Executive Deputy Chairman, Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, in addressing the material risks within the Group's business environment.

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 the 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 4 April 2016.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 December 2015.

1. COMPOSITION AND MEMBERSHIP

The Audit Committee during the financial year ended 31 December 2015 comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director 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

The composition of the Audit Committee complies with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Terms of Reference of the Audit Committee.

2. MEETINGS AND ATTENDANCE

There were four (4) meetings held during the financial year 2015. The details of attendance of each member at the Audit Committee Meetings are as follows:-

	Attendance
Rosli Abdullah	4/4
Norlila Hassan	4/4
Ang Hsin Hsien	3/4

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.

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.

AUDIT COMMITTEE REPORT
(continued)

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 an adequate and effective system 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 Chief Executive Officers 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 2015:-

(i) Financial Reporting

Reviewed and discussed prior to recommending for approval to the Board of Directors:

(a) The Group's quarterly unaudited financial results and the related announcements for release to Bursa Securities.

(b) The impact from changes to accounting principles and standards and, significant audit areas highlighted by the external auditor on the Group's annual audited financial statements for the year ended 31 December 2015.

(ii) External Audit

(a) Considered the audit fees and re-appointment of Messrs. Crowe Horwath as external auditors of the Group.

(b) Reviewed and approved the external auditors' Audit Planning Memorandum, audit approach and scope of audit work for the year.

(c) Met with the external auditors without the presence of executive Board members and Management to discuss the Group's practices to enhance compliance in all law and regulations imposed by relevant regulatory bodies.

(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 2015.

(c) Reviewed the Internal Audit Reports issued during the year 2015 as follows:-

1. Corporate Governance Compliance and Risk Management Practices of DNeX.
2. Cash Management and General Accounting Function of the Company, DNeX Solutions Sdn Bhd, DNeX Technology Sdn Bhd and Dagang Net Technologies Sdn Bhd.
3. Customer Profile Management and Customer Service Management on Dagang Net Technologies Sdn Bhd and DNeX Hallmark e-Commerce Sdn Bhd (now known as DNeX*PORT* Sdn Bhd).
4. Information Security Control and IT Outsourcing Control.

(d) Reviewed the Follow-up Internal Audit Reports issued during the year 2015 as follows:-

1. Corporate Governance Compliance and Risk Management Practices of DNeX.
2. Cash Management and General Accounting Function of the Company, DNeX Solutions Sdn Bhd, DNeX Technology Sdn Bhd and Dagang Net Technologies Sdn Bhd.
3. Customer Profile Management and Customer Service Management on Dagang Net Technologies Sdn Bhd and DNeX Hallmark e-Commerce Sdn Bhd (now known as DNeX*PORT* Sdn Bhd).
4. Information Security Control and IT Outsourcing Control.

(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.

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.

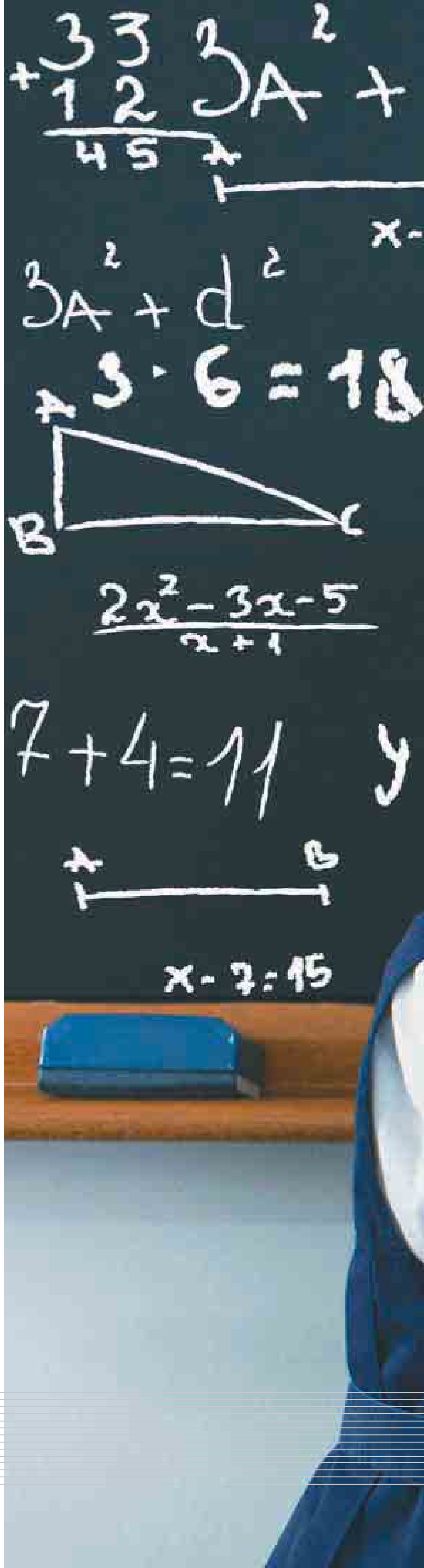
Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities.

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 2015, 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 and Goods and Services Tax).

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the year ended 31 December 2015

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 2015.

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	11,226	600
Non-controlling interests	4,599	–
	15,825	600

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 Abd Rahman Mamat (Chairman)
Datuk Samsul Husin
Zainal 'Abidin Abd Jalil
Dato' Wong Kam Yin
Dato' Arif Ambrose Leonard Ng
Rosli Abdullah
Norlila Hassan
Ang Hsin Hsien
Satria Ahmad

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 1.1.2015	Bought	Sold	At 31.12.2015
Interests in the Company:				
Datuk Samsul Husin*				
– Indirect	304,112,731	–	–	304,112,731
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.

None of the other Directors holding office at 31 December 2015 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.

DIRECTORS' REPORT
for the year ended 31 December 2015 (continued)

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 2015 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.

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

Norlila Hassan

Kuala Lumpur,
Date: 26 February 2016

STATEMENTS OF FINANCIAL POSITION
at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Plant and equipment	3	**21,250**	14,143	**28**	60
Goodwill		**1,636**	–	**–**	–
Intangible assets	4	**3,553**	2,948	**–**	–
Investments in subsidiaries	5	**–**	–	**69,975**	68,345
Investments in associates	6	**–**	–	**–**	–
Other investments	7	**4,172**	–	**–**	–
Trade and other receivables	8	**985**	24,577	**–**	–
Total non-current assets		**31,596**	41,668	**70,003**	68,405
Trade and other receivables	8	**93,657**	57,838	**13,654**	12,415
Amount due from subsidiaries	9	**–**	–	**15,454**	2,521
Tax recoverable		**1,916**	1,985	**1,727**	1,727
Cash and cash equivalents	10	**46,120**	70,828	**2,290**	1,792
Total current assets		**141,693**	130,651	**33,125**	18,455
Total assets		**173,289**	172,319	**103,128**	86,860
Equity					
Share capital	11	**155,049**	155,049	**155,049**	155,049
Translation reserve	11	**(54)**	–	**–**	–
Accumulated losses		**(53,995)**	(68,859)	**(70,721)**	(71,321)
Total equity attributable to owners of the Company		**101,000**	86,190	**84,328**	83,728
Non-controlling interests	12	**(747)**	21,996	**–**	–
Total equity		**100,253**	108,186	**84,328**	83,728
Liabilities					
Deferred tax liabilities	13	**658**	2,796	**–**	–
Borrowing	14	**1,541**	20,036	**–**	–
Deferred income	15	**–**	4,056	**–**	–
Total non-current liabilities		**2,199**	26,888	**–**	–
Trade and other payables	16	**50,733**	17,312	**3,452**	2,611
Borrowing	14	**18,495**	18,494	**–**	–
Amount due to subsidiaries	9	**–**	–	**15,348**	521
Tax payable		**1,609**	1,439	**–**	–
Total current liabilities		**70,837**	37,245	**18,800**	3,132
Total liabilities		**73,036**	64,133	**18,800**	3,132
Total equity and liabilities		**173,289**	172,319	**103,128**	86,860

The notes on pages 76 to 128 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	17	**95,550**	86,802	**1,200**	3,857
Cost of sales		**(22,191)**	(16,721)	**–**	–
Gross profit		**73,359**	70,081	**1,200**	3,857
Sales and marketing expenses		**(2,203)**	(995)	**–**	–
Administrative expenses		**(5,673)**	(6,904)	**(724)**	(1,187)
Other operating expenses		**(45,117)**	(36,309)	**(11,910)**	(11,180)
Other operating income	18	**2,866**	2,422	**12,083**	11,014
Results from operating activities		**23,232**	28,295	**649**	2,504
Finance costs	19	**(1,449)**	(2,390)	**(264)**	–
Finance income	19	**1,644**	1,772	**215**	98
Share of results in associates, net of tax*		**–**	–	**–**	–
Profit before tax	20	**23,427**	27,677	**600**	2,602
Zakat		**(359)**	(259)	**–**	–
Tax expense	21	**(7,243)**	(9,649)	**–**	–
Profit for the year		**15,825**	**17,769**	**600**	**2,602**
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**(54)**	–	**–**	–
Total comprehensive income for the year		**15,771**	17,769	**600**	2,602
Profit attributable to:					
Owners of the Company		**11,226**	12,215	**600**	2,602
Non-controlling interests		**4,599**	5,554	**–**	–
Profit for the year		**15,825**	17,769	**600**	2,602
Total comprehensive income attributable to:					
Owners of the Company		**11,188**	12,215	**600**	2,602
Non-controlling interests		**4,583**	5,554	**–**	–
Total comprehensive income for the year		**15,771**	17,769	**600**	2,602
Basic earnings per ordinary share (sen)	22	**1.45**	1.58		

* Share of results in associates, net of tax represents RM36 only.

The notes on pages 76 to 128 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Attributable to the owners of the Company					
	Non-distributable					
Group	**Share capital RM'000**	**Accumulated losses RM'000**	**Translation reserve RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 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 2014/1 January 2015	**155,049**	**(68,859)**	**–**	**86,190**	**21,996**	**108,186**
Profit for the year	**–**	**11,226**	**–**	**11,226**	**4,599**	**15,825**
Effect of translation of foreign subsidiaries	**–**	**–**	**(54)**	**(54)**	**–**	**(54)**
Total comprehensive income for the year	**–**	**11,226**	**(54)**	**11,172**	**4,599**	**15,771**
Contributions by and distribution to owners of the Company						
– Dividend paid by a subsidiary to non-controlling interests	**–**	**–**	**–**	**–**	**(300)**	**(300)**
– Effect of acquisition of subsidiaries	**–**	**–**	**–**	**–**	**(117)**	**(117)**
– Selective capital reduction and repayment	**–**	**–**	**–**	**–**	**(23,287)**	**(23,287)**
	–	**–**	**–**	**–**	**(23,704)**	**(23,704)**
Changes in a subsidiary's ownership interests that do not result in loss of control	**–**	**3,638**	**–**	**3,638**	**(3,638)**	**–**
Total transactions with non-controlling interests	**–**	**3,638**	**–**	**3,638**	**(27,342)**	**(23,704)**
At 31 December 2015	**155,049**	**(53,995)**	**(54)**	**101,000**	**(747)**	**100,253**
	Note 11		Note 11		Note 12	

Company	Note	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
		Attributable to the owners of the Company		
		Non-distributable		
At 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 2014/1 January 2015		**155,049**	**(71,321)**	**83,728**
Profit for the year		**–**	**600**	**600**
Total comprehensive income for the year		**–**	**600**	**600**
At 31 December 2015		**155,049**	**(70,721)**	**84,328**
		Note 11		

The notes on pages 76 to 128 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
Dividends received from investees		**–**	–	**–**	3,847
Management fee received from subsidiaries		**–**	–	**11,088**	12,764
Cash receipts from customers		**112,977**	107,708	**–**	818
Cash payments to suppliers		**(25,800)**	(17,663)	**(175)**	(105)
Cash payments to employees and for expenses		**(56,637)**	(38,560)	**(13,229)**	(9,101)
Cash flows generated from/(used in) operating activities		**30,540**	51,485	**(2,316)**	8,223
Net taxation		**(9,204)**	(7,926)	**–**	–
Interest and other income received		**–**	–	**215**	98
Zakat paid		**(359)**	(259)	**–**	–
Net cash generated from/(used in) operating activities		**20,977**	43,300	**(2,101)**	8,321
Cash flows from investing activities					
Advances to subsidiaries		**–**	–	**(17,191)**	(4,778)
Interest received		**1,644**	1,772	**–**	–
Proceeds from disposal of plant and equipment		**6**	611	**3**	–
Purchase of plant and equipment, and intangible assets		**(18,385)**	(6,783)	**–**	(82)
Acquisition of subsidiaries		**(1,377)**	–	**(1,477)**	(800)
Deposit for acquisition of investments		**(7,621)**	(10,153)	**–**	(10,153)
Net cash used in investing activities		**(25,733)**	(14,553)	**(18,665)**	(15,813)
Cash flows from financing activities					
Dividend paid by a subsidiary to non-controlling interests		**–**	(1,553)	**–**	–
Interest paid		**(1,458)**	(2,473)	**(264)**	–
Increase in pledged deposits and restricted cash		**(2,001)**	(5,550)	**–**	–
Payment from subsidiary companies		**–**	–	**21,528**	4,064
Proceeds from issue of share capital of a subsidiary company		**–**	200	**–**	–
Repayment of borrowing		**(18,494)**	(18,494)	**–**	–
Net cash (used in)/generated from financing activities		**(21,953)**	(27,870)	**21,264**	4,064
Net change in cash and cash equivalents		**(26,709)**	877	**498**	(3,428)
Cash and cash equivalents at 1 January		**63,610**	62,733	**1,792**	5,220
Cash and cash equivalents at 31 December	(i)	**36,901**	63,610	**2,290**	1,792

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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Restricted and pledged				
– Cash and bank balances	**8,169**	7,218	**–**	–
– Deposits with licensed banks	**1,050**	–	**–**	–
	9,219	7,218	**–**	–
Unrestricted				
– Cash and bank balances	**10,755**	11,945	**2,290**	1,792
– Deposits with licensed banks	**15,180**	51,665	**–**	–
– Short-term investments	**10,966**	–	**–**	–
	36,901	63,610	**2,290**	1,792
	46,120	70,828	**2,290**	1,792
Less: Cash and cash equivalents pledged as security	**(9,219)**	(7,218)	**–**	–
	36,901	63,610	**2,290**	1,792

The notes on pages 76 to 128 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

Dagang NeXchange 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 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

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 26 February 2016.

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 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standard(s) and/or 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 & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Deferred until further notice*
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 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

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 similar level of revenue when the NSW contract expires.

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) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the entity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates 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 investment includes transaction costs.

(vi) 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.

(vii) 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.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) 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 from retranslation are recognised in profit or loss, except for differences arising from 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.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising from acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the date of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is in a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets 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.

(b) 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.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Plant and equipment (continued)

(i) Recognition and measurement (continued)

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 – 8 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(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.

(v) Amortisation

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

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 lives of capitalised development costs and software are 3 years respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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 with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and restricted cash.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) 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 available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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.

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 deferred tax liabilities) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(ii) Other assets (continued)

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.

(i) Equity instruments

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

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(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.

(k) 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.

(l) 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.

(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 or 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income (continued)

(vi) Deferred income

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

(m) 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.

(n) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) 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.

(q) 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.

(r) 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 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	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
Cost						
At 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 2014/1 January 2015	**3,879**	**12,580**	**2,037**	**43,458**	**953**	**62,907**
Acquisition of a subsidiary (Note 23)	**2**	**–**	**11**	**2**	**–**	**15**
Additions	**17**	**15,453**	**10**	**532**	**174**	**16,186**
Disposals	**–**	**–**	**–**	**(108)**	**–**	**(108)**
Written off	**(15)**	**–**	**(78)**	**(3,101)**	**–**	**(3,194)**
Reclassifications	**194**	**–**	**–**	**–**	**(194)**	**–**
At 31 December 2015	**4,077**	**28,033**	**1,980**	**40,783**	**933**	**75,806**
Accumulated depreciation and impairment loss						
At 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 2014/1 January 2015						
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**
Depreciation charge	**164**	**1,449**	**151**	**7,306**	**–**	**9,070**
Disposals	**–**	**–**	**–**	**(100)**	**–**	**(100)**
Written off	**(13)**	**–**	**(67)**	**(3,098)**	**–**	**(3,178)**
At 31 December 2015						
Accumulated depreciation	**3,688**	**6,994**	**1,469**	**37,595**	**–**	**49,746**
Accumulated impairment loss	**–**	**4,810**	**–**	**–**	**–**	**4,810**
	3,688	**11,804**	**1,469**	**37,595**	**–**	**54,556**
Carrying amounts						
At 1 January 2014	315	2,515	801	11,229	779	15,639
At 31 December 2014/1 January 2015	342	2,225	652	9,971	953	14,143
At 31 December 2015	**389**	**16,229**	**511**	**3,188**	**933**	**21,250**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

3. PLANT AND EQUIPMENT (CONTINUED)

Company	Office renovations RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 January 2014	13	114	301	428
Additions	–	2	80	82
At 31 December 2014/1 January 2015	**13**	**116**	**381**	**510**
Disposal	**–**	**–**	**(5)**	**(5)**
Written off	**(13)**	**(41)**	**(294)**	**(348)**
At 31 December 2015	**–**	**75**	**82**	**157**
Accumulated depreciation				
At 1 January 2014	13	102	301	416
Depreciation charge	–	7	27	34
At 31 December 2014/1 January 2015	**13**	**109**	**328**	**450**
Depreciation charge	**–**	**3**	**26**	**29**
Disposal	**–**	**–**	**(2)**	**(2)**
Written off	**(13)**	**(41)**	**(294)**	**(348)**
At 31 December 2015	**–**	**71**	**58**	**129**
Carrying amounts				
At 1 January 2014	–	12	–	12
At 31 December 2014/1 January 2015	–	7	53	60
At 31 December 2015	**–**	**4**	**24**	**28**

4. INTANGIBLE ASSETS

Group	Software in progress RM'000	Software RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2014	728	22,323	315	23,366
Additions	1,288	8	–	1,296
Adjustment	(70)	–	–	(70)
Reclassifications	(230)	230	–	–
At 31 December 2014/1 January 2015	**1,716**	**22,561**	**315**	**24,592**
Additions	**1,314**	**70**	**–**	**1,384**
Written off	**–**	**(8,298)**	**–**	**(8,298)**
Adjustment	**(9)**	**–**	**–**	**(9)**
At 31 December 2015	**3,021**	**14,333**	**315**	**17,669**
Accumulated amortisation and impairment loss				
At 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 2014/1 January 2015				
Accumulated amortisation	**–**	**21,137**	**315**	**21,452**
Accumulated impairment loss	**–**	**192**	**–**	**192**
	–	**21,329**	**315**	**21,644**
Amortisation for the year	**–**	**770**	**–**	**770**
Written off	**–**	**(8,298)**	**–**	**(8,298)**
At 31 December 2015				
Accumulated amortisation	**–**	**13,609**	**315**	**13,924**
Accumulated impairment loss	**–**	**192**	**–**	**192**
At 31 December 2015	**–**	**13,801**	**315**	**14,116**
Carrying amounts				
At 1 January 2014	728	2,161	–	2,889
At 31 December 2014/1 January 2015	1,716	1,232	–	2,948
At 31 December 2015	**3,021**	**532**	**–**	**3,553**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

4. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000
Cost	
At 1 January 2014/31 December 2014/1 January 2015	448
Written off	(439)
At 31 December 2015	9
Accumulated amortisation	
At 1 January 2014	446
Amortisation for the year	2
At 31 December 2014/1 January 2015	448
Written off	(439)
At 31 December 2015	9
Carrying amounts	
At 1 January 2014	2
At 31 December 2014/1 January 2015	–
At 31 December 2015	–

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	**2014 RM'000**
At cost		
Unquoted shares	**112,475**	110,845
Less: Impairment loss	**(42,500)**	(42,500)
	69,975	68,345

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

	Company	
	2015 RM'000	**2014 RM'000**
At 1 January	**42,500**	40,000
Impairment loss recognised	**–**	2,500
At 31 December	**42,500**	42,500

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follow:

Name of subsidiary	Country of Incorporation	Principal activities	Effective Ownership Interest 2015 %	Effective Ownership Interest 2014 %
Information Communication Technology				
Dagang Net Technologies Sdn. Bhd.	Malaysia	Development, management and provision of business to government (B2G) e-commerce and computerised transaction facilitation services.	**100**	71.25
DNeX RFID Sdn. Bhd.*	Malaysia	Research and development, design, manufacturing and trading of radio-frequency technology.	**51**	–
DNeX Solutions Sdn. Bhd.	Malaysia	Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management.	**100**	100
DNeX Technology Sdn. Bhd.	Malaysia	Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals.	**100**	100
DNeXPORT Sdn. Bhd. *(formerly known as DNeX Hallmark e-Commerce Sdn. Bhd.)*	Malaysia	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	**80**	80
Energy				
DNeX Petroleum Sdn. Bhd.	Malaysia	Providing upstream oil and gas exploration and production.	**100**	100
DNeX Oilfield Services Sdn. Bhd.	Malaysia	Involved in oil and gas oilfield services including supplies of products and equipment.	**80**	–
Forward Energy Sdn. Bhd.	Malaysia	Involved in power plant, engineering and energy related business specifically in the area of Independent Power Producer (IPP).	**51**	–
– Solution Power Matrix Sdn. Bhd.^#	Malaysia	Design, develop, construct, operation and maintenance of power plant in Malaysia.	**31**	–
– Forward Energy Ltd.^	Federal Territory of Labuan, Malaysia	Holding of off-shore investments involved in power plant.	**51**	–
– Forward Energy Generation Ltd.^	Federal Territory of Labuan, Malaysia	Design, develop, construct, operation and maintenance of power plant.	**51**	–

* *The subsidiary's interest is held under Dagang Net Technologies Sdn. Bhd.*

^ *The subsidiaries interest are held under Forward Energy Sdn. Bhd.*

This subsidiary was audited by other firm of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 previous reporting period has declined in the previous financial year which was attributed to a wholly owned subsidiary company, which reported a loss after taxation amounting to RM2,156,894 in the previous financial year. A total impairment loss of RM2,500,000 was recognised in "Other operating expenses" line item of the statements of profit or loss and other comprehensive income in the previous financial year.

Non-controlling interests in subsidiaries

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

	2015 RM'000	2014 RM'000
NCI percentage of ownership interest and voting interest		
– Dagang Net Technologies Sdn. Bhd.	**–**	28.75%
– DNeX RFID Sdn. Bhd.	**49.00%**	–
– DNeXPORT Sdn. Bhd. (formerly known as DNeX Hallmark e-Commerce Sdn. Bhd.)	**20.00%**	20.00%
– DNeX Oilfield Services Sdn. Bhd.	**20.00%**	–
– Forward Energy Sdn. Bhd. and its subsidiaries	**49.00%**	–
Carrying amount of NCI	**(747)**	21,996
Profit allocated to NCI	**4,599**	5,554

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination

	Dagang Net Technologies Sdn. Bhd.		DNeX RFID Sdn. Bhd.		DNeXPORT Sdn. Bhd. *(formerly known as DNeX Hallmark e-Commerce Sdn. Bhd.)*		DNeX Oilfield Services Sdn. Bhd.		Forward Energy Sdn. Bhd. and its subsidiaries	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
As at 31 December										
Non-current assets	–	16,457	**–**	–	**706**	427	**14,037**	–	**4,175**	–
Current assets	–	72,471	**7,092**	–	**5,028**	3,999	**1,378**	–	**321**	–
Non-current liabilities	–	(2,796)	**–**	–	**–**	–	**–**	–	**(158)**	–
Current liabilities	–	(11,693)	**(8,550)**	–	**(3,259)**	(1,452)	**(14,762)**	–	**(5,350)**	–
Net assets	–	74,439	**(1,458)**	–	**2,475**	2,974	**653**	–	**(1,012)**	–
Year end 31 December										
Revenue	–	77,338	**–**	–	**2,917**	3,256	**3,229**	–	**–**	–
Profit/(Loss) for the year	–	17,942	**(1,458)**	–	**1,001**	1,974	**553**	–	**(734)**	–
Total comprehensive income/(loss)	–	17,942	**(1,458)**	–	**1,001**	1,974	**553**	–	**(788)**	–
Net cash flows from/(used in) operating activities	–	17,553	**(8,566)**	–	**2,982**	(42)	**1,420**	–	**(856)**	–
Net cash flows used in investing activities	–	(6,935)	**–**	–	**(288)**	(178)	**(15,486)**	–	**(3,898)**	–
Net cash flows from/(used in) financing activities	–	(5,400)	**(8,601)**	–	**(1,087)**	1,000	**14,154**	–	**5,035**	–
Dividends paid to NCI	–	1,553	**–**	–	**300**	–	**–**	–	**–**	–

6. INVESTMENTS IN ASSOCIATES

	Group	
	2015 RM'000	2014 RM'000
At cost		
Unquoted shares outside Malaysia	**–***	–
Share of post-acquisition reserves	**(-)***	–
	–	–

* represents RM36

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

6. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective Ownership Interest 2015 %	Effective Ownership Interest 2014 %
Global Energy Corp Limited	Federal Territory of Labuan, Malaysia	Yet to commence business	**30**	–

The summarised financial information before intra-group elimination was not disclosed as it is insignificant to the Group.

The Group has not recognised losses relating to Global Energy Corp. Ltd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM293,679, of which RM36 was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

7. OTHER INVESTMENTS

	Group 2015 RM'000	Group 2014 RM'000
Unquoted shares outside Malaysia, at cost	**3,582**	–
Cumulative translation exchange	**590**	–
	4,172	–

Investment in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current					
Trade					
Trade receivables	8.1	**1,025**	22,080	**–**	–
Less: Fair value adjustment		**(40)**	(1,246)	**–**	–
		985	20,834	**–**	–
Prepayments	8.2	**–**	3,743	**–**	–
		985	24,577	**–**	–
Current					
Trade					
Trade receivables	8.1	**43,717**	37,092	**–**	–
Less: Impairment loss		**(1,149)**	(678)	**–**	–
		42,568	36,414	**–**	–
Prepayments	8.2	**3,743**	3,743	**–**	–
		46,311	40,157	**–**	–
Non-trade					
Other receivables	8.3	**40,294**	15,823	**12,720**	12,574
Amount due from associates	8.4	**1,066**	–	**1,066**	–
Less: Impairment loss		**(304)**	(295)	**(140)**	(173)
		41,056	15,528	**13,646**	12,401
Prepayments		**6,290**	2,153	**8**	14
		47,346	17,681	**13,654**	12,415
		93,657	57,838	**13,654**	12,415
		94,642	82,415	**13,654**	12,415

8.1 Included in trade receivables of the Group is an amount of RM23,993,806 (2014: RM45,084,422) owing by a receivable that will be collected over 13 months (2014: 25 months).

During the year, the Group and the Company have written off receivables of RM33,700 (2014: RM738,634) and RM33,700 (2014: RM208,000) respectively against impairment loss.

8.2 Included in prepayments is an amount of RM3,742,990 (2014: RM7,485,980) for future services that was billed in advance by a supplier. The current portion and non-current portion is RM3,742,990 (2014: RM3,742,990) and RMNil (2014: RM3,742,990) respectively.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.3 Included in other receivables of the Group is an amount of RM17,894,000 (2014: RMNil) for system integration projects which is pending users' testing and fulfilment to recover the services from customers.

Included in other receivables of the Group and of the Company are amounts of RM13,728,000 (2014: RM10,153,000) and RM10,000,000 (2014: RM10,153,000) respectively for initial deposits paid for the acquisitions of new subsidiaries and associates as disclosed in Note 30 to the financial statements.

8.4 Amount due from associates is unsecured, interest charged at 4% per annum and repayable on demand.

9. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

	Company	
	2015 RM'000	**2014 RM'000**
Amount due from subsidiaries		
– Non-trade	**15,454**	2,521
Amount due to subsidiaries		
– Trade	**(302)**	(155)
– Non-trade	**(15,046)**	(366)
	(15,348)	(521)

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

Certain inter-company advances bear interest at 4% (2014 – 4%) per annum with no fixed repayment terms.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Deposits with licensed banks	**16,230**	51,665	**–**	–
Short-term investments	**10,966**	–	**–**	–
Cash and bank balances	**18,924**	19,163	**2,290**	1,792
	46,120	70,828	**2,290**	1,792

10. CASH AND CASH EQUIVALENTS (CONTINUED)

Included in cash and cash equivalents of the Group are:

i) Bank balance of RM8,169,376 (2014: RM7,218,125) 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.

ii) Included in deposits with licensed banks of the Group is an amount of RM1,050,000 (2014: RMNil) which was pledged to banks for credit facilities.

	Group	
	2015 RM'000	2014 RM'000
Fixed income trust fund, at fair value	**10,966**	–
At market value	**10,954**	–

The short-term investments in fixed income trust fund represents investments in highly liquid money market, which is readily convertible to a known amount of cash and has insignificant risk of changes in value. The fixed income trust fund bore effective interest rates ranging from 3.44% to 4.18% (2014: Nil) per annum. This investment is designated as fair value through profit or loss and is measured at fair value.

11. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '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.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and is not distributable by way of dividends.

12. NON-CONTROLLING SHAREHOLDERS' INTERESTS

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

13. DEFERRED TAX LIABILITIES

Recognised deferred tax assets/(liabilities)

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

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plant and equipment, intangible assets	**–**	–	**(681)**	(2,889)	**(681)**	(2,889)
Provisions	**181**	93	**–**	–	**181**	93
Other items	**–**	–	**(158)**	–	**(158)**	–
Net deferred tax assets/(liabilities)	**181**	93	**(839)**	(2,889)	**(658)**	(2,796)

Movement in temporary differences during the year

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2014 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2015 RM'000
Plant and equipment, intangible assets	(3,439)	550	(2,889)	**2,208**	**(681)**
Provisions	51	42	93	**88**	**181**
Other items	–	–	–	**(158)**	**(158)**
	(3,388)	592	(2,796)	**2,138**	**(658)**

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	**31,614**	30,193	**23,393**	25,597
Unabsorbed capital allowances	**5,308**	2,423	**–**	204
Plant and equipment, intangible assets	**(3,777)**	81	**37**	19
Provisions	**646**	497	**140**	173
	33,791	33,194	**23,570**	25,993
Unrecognised deferred tax assets	**8,448**	8,299	**5,892**	6,498

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.

14. BORROWING

	Group 2015 RM'000	Group 2014 RM'000
Non-current		
Term loan	**1,541**	20,036
Current		
Term loan	**18,495**	18,494
	20,036	38,530

The term loan is secured, repayable in equal installment over an outstanding period of 13 months (2014: 25 months) and subject to interest rate of 1% (2014: 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 10) and a corporate guarantee issued by the Company.

15. DEFERRED INCOME

	Note	Group 2015 RM'000	Group 2014 RM'000
Non-current			
Deferred income		**–**	4,056
Current			
Deferred income	16	**4,056**	4,094
		4,056	8,150

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

16. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade payables		**658**	370	**–**	–
Non-trade					
Other payables and accrued expenses	16.1	**49,985**	16,779	**3,452**	2,611
Interest payable – Borrowing		**90**	163	**–**	–
		50,075	16,942	**3,452**	2,611
		50,733	17,312	**3,452**	2,611

16.1 Included in other payables is a deferred income of RM4,056,243 (Note 15) (2014: RM4,093,743) that was billed in advance to a customer.

Included in other payables is an accrued amount of RM23,287,520 (2014: RMNil) for a subsidiary's selective capital repayment to non-controlling shareholders' interest.

Included in other payables of the Group is an amount of RM8,324,000 (2014: RMNil) for system integration projects.

17. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	**4,110**	5,926	**–**	–
Rendering of services	**91,440**	80,876	**–**	10
Gross dividend income from:				
– subsidiary company	**–**	–	**1,200**	3,847
	95,550	86,802	**1,200**	3,857

18. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Bad debts recovered	**27**	75	**–**	–
Gain on disposal of plant and equipment	**–**	576	**–**	–
Gain on foreign exchange:				
– realised	**190**	5	**–**	–
– unrealised	**670**	6	**23**	–
Management fee	**–**	–	**11,909**	10,018
Rental income	**720**	319	**–**	–
Reversal of impairment loss:				
– trade receivables	**33**	389	**–**	–
– other receivables	**32**	303	**–**	303

19. FINANCE COSTS/(INCOME)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Finance charges/interest expense on:				
Interest on borrowing	**1,384**	2,390	**–**	–
Interest on advances from subsidiaries	**–**	–	**264**	–
Others	**65**	–	**–**	–
	1,449	2,390	**264**	–
Finance income:				
Interest from investment in deposits placed with licensed bank and short-term investments	**(1,644)**	(1,772)	**(25)**	(98)
Interest on advances to subsidiaries	**–**	–	**(190)**	–
	(1,644)	(1,772)	**(215)**	(98)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

20. PROFIT BEFORE TAX

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	**770**	1,167	**–**	2
Auditors' remuneration:-				
– audit fees	**181**	155	**73**	70
– non-audit fees	**54**	103	**54**	103
Depreciation of plant and equipment	**9,070**	7,945	**29**	34
Directors' remuneration	**4,627**	2,828	**4,513**	2,723
Impairment loss of:-				
– investments in subsidiaries	**–**	–	**–**	2,500
– trade receivables	**503**	930	**–**	–
– other receivables	**75**	35	**–**	14
Loss on disposal of plant and equipment	**2**	41	**–**	–
Personnel expenses:-				
– contributions to Employees Provident Fund	**2,673**	2,845	**486**	350
– wages, salaries and others	**25,496**	22,730	**4,751**	4,206
– termination benefits	**5,696**	622	**127**	–
Plant and equipment written off	**16**	218	**–**	–
Realised loss on foreign exchange	**30**	10	**–**	4
Rental of premises payable to:-				
– related company	**–**	–	**–**	295
– others	**2,793**	2,867	**–**	–
Rental of site and equipment	**174**	279	**34**	134
Rental of storage and others	**101**	111	**42**	47

21. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised in profit or loss				
Current tax expense				
– Current year	**8,253**	7,533	**–**	–
– Under provision in prior year	**1,128**	2,708	**–**	–
Total current tax expense	**9,381**	10,241	**–**	–
Deferred tax expense (Note 13)				
– Current year	**(1,407)**	(592)	**–**	–
– Over provision in prior year	**(731)**	–	**–**	–
Total deferred tax expense	**(2,138)**	(592)	**–**	–
Total tax expense	**7,243**	9,649	**–**	–
Reconciliation of tax expense				
Net profit after tax	**15,825**	17,769	**600**	2,602
Total tax expense	**7,243**	9,649	**–**	–
Zakat payment	**359**	259	**–**	–
Net profit excluding tax and Zakat	**23,427**	27,677	**600**	2,602
Income tax using Malaysian tax rate of 25% (2014: 25%)	**5,857**	6,919	**150**	650
Income not subject to tax	**(364)**	(187)	**(28)**	(199)
Expenses not deductible for tax purposes	**1,408**	2,000	**484**	1,481
Income tax exempted from tax due to pioneer status	**(257)**	(546)	**–**	–
Effect of unrecognised deferred tax assets	**755**	779	**–**	–
Recognition of previously unrecognised deferred tax assets	**(606)**	(1,932)	**(606)**	(1,932)
Effects of differential in tax rate of subsidiary	**53**	–	**–**	–
Others	**–**	(92)	**–**	–
	6,846	6,941	**–**	–
Under provision of tax expense in prior year	**1,128**	2,708	**–**	–
Over provision of deferred tax expense in prior year	**(731)**	–	**–**	–
Total tax expense	**7,243**	9,649	**–**	–

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

22. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2015 RM'000	2014 RM'000
Profit for the year attributable to shareholders	**11,226**	12,215

	Group	
	2015 '000	2014 '000
Weighted average number of ordinary shares at 31 December	**775,245**	775,245

	Group	
	2015 Sen	2014 Sen
Basic earnings per ordinary share	**1.45**	1.58

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

23. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group acquired:

(i) a 51% equity interest in DNeX RFID Sdn. Bhd. ("DRSB") comprising 100 ordinary shares of RM1.00 each for a total cash consideration of RM51 which represents 51% issued and paid-up capital of DRSB. The non-controlling interests of DRSB 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;

(ii) a 80% equity interest in DNeX Oilfield Services Sdn. Bhd. ("DOSB") comprising 100,000 ordinary shares of RM1.00 each for a total cash consideration of RM80,000 which represents 80% issued and paid-up capital of DOSB. The non-controlling interests of DOSB 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

23. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) During the financial year, the Group acquired: (continued)

(iii) a 51% equity interest in Forward Energy Sdn. Bhd. (and all of its subsidiaries) ("FESB") comprising 3,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,530,000 which represents 51% issued and paid-up capital of FESB.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(a) Fair value of consideration transferred

	Group RM'000
Cash and cash equivalents	1,530

There were no contingent consideration, no equity instruments issued and no replacement share-based awards for the acquisition of FESB.

(b) Identified assets acquired and liabilities assumed at date of acquisition

	Note	**Group Fair Value Recognised RM'000**
Plant and equipment	3	15
Other receivables, deposits and prepayments		21
Cash and bank balances		1
Other payables and accruals		(57)
Amount owing to a director		(203)
		(223)

(c) Net cash outflow arising from the acquisition of FESB

	Group RM'000
Purchase consideration settled in cash and cash equivalents	(1,530)
Cash and cash equivalents acquired	1
	(1,529)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

23. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) (iii) (continued)

(d) Goodwill arising from acquisition of FESB

	Group RM'000
Total consideration transferred	1,530
Less: Fair value of identifiable net (assets)/liabilities	223
	1,753
Add: Non-controlling interests	(117)
Goodwill	1,636

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets/(liabilities) at the date of acquisition.

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

	2015 RM'000
Revenue	3,229
Loss after taxation	(1,573)

(b) In addition, the Group undertook a selective capital reduction and repayment exercise in Dagang Net Technologies Sdn. Bhd. as disclosed in Note 30 to the financial statements for a total cash consideration of RM23,287,520. The said reduction shall be effected by way of cancellation of the non-controlling interests shares, hence increasing the Group's ownership from 71.25% to 100%. The following summarises the effect of changes in the equity interest in Dagang Net Technologies Sdn. Bhd. that is attributable to owners of the Company:

	Group RM'000
Equity interest at 1 January 2015	53,038
Effect of increase in Company's ownership interest	26,925
Share of comprehensive income	16,540
Capital reduction	(23,287)
Equity interest at 31 December 2015	73,216

24. OPERATING SEGMENTS

The Group has three 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.

(c) Energy

Providing upstream oil and gas exploration, production and involvement in power plant, engineering and energy related business. This segment was acquired during the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

24. OPERATING SEGMENTS (CONTINUED)

Business segment 2015	Information Communication Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Revenue from external customers	92,321	3,229	–	–	95,550
Inter-segment revenue	841	–	1,200	(2,041)	–
Total revenue	**93,162**	**3,229**	**1,200**	**(2,041)**	**95,550**
Segment result					
Profit/(Loss) from operations	24,201	(4,028)	3,059	–	23,232
Finance costs					(1,449)
Interest income					1,644
Share of results in associates, net of tax*					–
Profit before tax					23,427
Zakat					(359)
Tax expense					(7,243)
Net profit after tax					15,825
Attributable to:					
Owners of the Company					11,226
Non-controlling interests					4,599
Net profit for the year					**15,825**
Segment assets	**179,975**	**23,670**	**103,128**	**(133,484)**	**173,289**
Segment liabilities	**94,167**	**25,214**	**18,800**	**(65,145)**	**73,036**
Capital expenditure	2,079	15,491	–	–	17,570
Depreciation and amortisation	8,359	1,452	29	–	9,840
Impairment loss:					
– trade receivables	503	–	–	–	503
– other receivables	75	–	–	–	75

* *Share of results in associates, net of tax represents RM36 only.*

24. OPERATING SEGMENTS (CONTINUED)

Business segment 2014	Information Communication Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated 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

Geographical segment

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

24. OPERATING SEGMENTS (CONTINUED)

Major customers

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

	Revenue		Segment
	2015 RM'000	**2014 RM'000**	
Customer A	**31,409**	29,082	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");
(b) Fair value through profit or loss ("FVTPL");
(c) Available-for-sale financial assets ("AFS"); and
(d) Other liabilities ("OL").

Financial assets	**Carrying amount RM'000**	**L&R RM'000**	**FVTPL RM'000**	**AFS RM'000**
Group				
2015				
Other investments	**4,172**	**–**	**–**	**4,172**
Trade and other receivables (excluding prepayments)	**84,609**	**84,609**	**–**	**–**
Cash and cash equivalents (excluding short-term investments)	**35,154**	**35,154**	**–**	**–**
Short-term investments	**10,966**	**–**	**10,966**	**–**
	134,901	**119,763**	**10,966**	**4,172**
2014				
Trade and other receivables (excluding prepayments)	72,776	72,776	–	–
Cash and cash equivalents (excluding short-term investments)	70,828	70,828	–	–
	143,604	143,604	–	–

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

Financial assets	Carrying amount RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000
Company				
2015				
Trade and other receivables (excluding prepayments)	**13,646**	**13,646**	**–**	**–**
Amount due from subsidiaries	**15,454**	**15,454**	**–**	**–**
Cash and cash equivalents (excluding short-term investments)	**2,290**	**2,290**	**–**	**–**
	31,390	**31,390**	**–**	**–**
2014				
Trade and other receivables (excluding prepayments)	12,401	12,401	–	–
Amount due from subsidiaries	2,521	2,521	–	–
Cash and cash equivalents (excluding short-term investments)	1,792	1,792	–	–
	16,714	16,714	–	–

Financial liabilities	Carrying amount RM'000	OL RM'000
Group		
2015		
Trade and other payables (excluding deferred income)	**46,677**	**46,677**
Borrowing	**20,036**	**20,036**
	66,713	**66,713**
2014		
Trade and other payables (excluding deferred income)	13,218	13,218
Borrowing	38,530	38,530
	51,748	51,748

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

Financial liabilities	Carrying amount RM'000	OL RM'000
Company		
2015		
Trade and other payables (excluding deferred income)	**3,452**	**3,452**
Amount due to subsidiaries	**15,348**	**15,348**
	18,800	**18,800**
2014		
Trade and other payables (excluding deferred income)	2,611	2,611
Amount due to subsidiaries	521	521
	3,132	3,132

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.

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.3 Credit risk (continued)

Receivables (continued)

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

	Group	
	2015 RM'000	**2014 RM'000**
Domestic	**84,609**	72,776

Impairment losses

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

	Net	
	2015 RM'000	**2014 RM'000**
Group		
Not past due	**73,195**	69,133
Past due 31 – 60 days	**6,129**	2,179
Past due 61 – 90 days	**4,165**	748
Past due more than 90 days	**1,120**	716
	84,609	72,776
Company		
Not past due	**13,646**	12,401

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
At 1 January	**973**	1,438	**173**	670
Impairment loss recognised	**578**	965	**–**	14
Impairment loss reversed	**(65)**	(692)	**–**	(303)
Impairment loss written off	**(33)**	(738)	**(33)**	(208)
At 31 December	**1,453**	973	**140**	173

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.3 Credit risk (continued)

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.

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.

Corporate guarantee

The Company provides corporate guarantee to a licensed bank in respect of a credit facility granted to its subsidiary.

At the end of the reporting period, the fair value of the corporate guarantee is negligible as the probability of the corporate guarantee being called upon is remote as the outstanding borrowings in the subsidiary are adequately secured by a receivable as disclosed in Note 14 to the financial statements. Should the subsidiary default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts. At the end of the reporting period, it was not probable that the counterparty to the corporate guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is nil.

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Liquidity risk (continued)

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					
2015					
Non-derivative financial liabilities					
Trade and other payables	**46,677**	**–**	**46,677**	**46,677**	**–**
Borrowing	**20,036**	**5.08**	**20,627**	**19,080**	**1,547**
	66,713		**67,304**	**65,757**	**1,547**
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
Company					
2015					
Non-derivative financial liabilities					
Trade and other payables	**3,452**	**–**	**3,452**	**3,452**	**–**
Amount due to subsidiaries	**15,348**	**–**	**15,348**	**15,348**	**–**
	18,800		**18,800**	**18,800**	**–**
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	3,132	–

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

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 sales and purchases that are 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 and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in USD		Company Denominated in USD	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balances recognised in the statement of financial position				
Other investments	4,172	–	–	–
Trade and other receivables	2,248	–	1,066	–
Amount due from subsidiaries	–	–	17	–
Cash and cash equivalents	2,365	78	1,961	–
Trade and other payables	(23)	–	–	–
Net exposure	8,762	78	3,044	–

Currency risk sensitivity analysis

A 10% (2014: 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.

	Group Profit or loss		Company Denominated in	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
USD	(657)	(6)	(228)	–

A 10% (2014: 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, short-term investments 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.

Group	**Effective interest rate per annum %**	**Total RM'000**	**Within 1 year RM'000**	**2 - 5 years RM'000**
2015				
Fixed rate instruments				
Deposits with licensed banks	**2.50 – 3.50**	**16,230**	**16,230**	**–**
Floating rate instruments				
Short-term investments	**3.44 – 4.18**	**10,966**	**10,966**	**–**
Borrowing	**5.08**	**(20,036)**	**(18,495)**	**(1,541)**
		7,160	**8,701**	**(1,541)**
2014				
Fixed rate instruments				
Deposits 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)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Market risk (continued)

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 their 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:

Group	Note	2015 Carrying amount RM'000	2015 Fair value RM'000	2014 Carrying amount RM'000	2014 Fair value RM'000
Other investments	7	**4,172**	**#**	–	–
Trade receivables	8	**1,025**	**985**	22,080	20,834
Short-term investments	10	**10,966**	**10,954**	–	–
Borrowing	14	**(1,541)**	**(1,541)**	(20,036)	(20,036)

(i) For non-current financial assets of RM1,025,134 (2014: RM22,079,750), 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.

(ii) The fair value of the short-term investments are measured at their market price at the end of the reporting period.

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					
Group	**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**	**Total fair value RM'000**	**Carrying amount RM'000**
2015										
Financial assets										
Other investments:										
– unquoted shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**#**	**4,172**
Short-term investments	**–**	**10,954**	**–**	**10,954**	**–**	**–**	**–**	**–**	**10,954**	**10,966**
Trade receivables	**–**	**985**	**–**	**985**	**–**	**–**	**–**	**–**	**985**	**1,025**
Financial liabilities										
Borrowing	**–**	**(1,541)**	**–**	**(1,541)**	**–**	**–**	**–**	**–**	**(1,541)**	**(1,541)**
2014										
Financial assets										
Trade receivables	–	20,834	–	20,834	–	–	–	–	20,834	22,080
Financial liabilities										
Borrowing	–	(20,036)	–	(20,036)	–	–	–	–	(20,036)	(20,036)

\# The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

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. (2014: no transfer in either directions)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

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	
	2015	**2014**
	RM'000	**RM'000**
Total borrowing	**20,036**	38,530
Less: Cash and cash equivalents (Page 11)	**(36,901)**	(63,610)
Net cash	**(16,865)**	(25,080)
Total equity	**100,253**	108,186
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	
	2015	**2014**
	RM'000	**RM'000**
Capital commitments:		
Plant and equipment		
Authorised and contracted for within one year	**27**	121

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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Subsidiary companies				
Management fee income	**–**	–	**11,909**	10,018
Dividend income	**–**	–	**1,200**	3,847
Rental of premises	**–**	–	**–**	(295)
Rental of equipment	**–**	–	**–**	(86)
Facilities services	**–**	–	**–**	(134)
Purchase of IT products and services	**–**	–	**(120)**	(228)
Other related parties*				
Sale of IT products and services	**–**	2	**–**	–
Purchase of IT products and services	**(547)**	(121)	**(50)**	–

* 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 9.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Key management personnel compensation				
Non-executive Directors				
– Fees	**457**	450	**349**	352
– Remuneration	**90**	162	**84**	155
Total short-term benefits	**547**	612	**433**	507
Executive Directors				
– Remuneration	**2,760**	1,674	**2,760**	1,674
– Short-term employee benefits				
– EPF	**458**	244	**458**	244
– Others	**862**	298	**862**	298
Total short-term employee benefits	**4,080**	2,216	**4,080**	2,216
Other key management personnel				
– Remuneration	**3,549**	1,963	**1,020**	990
– Short-term employee benefits				
– EPF	**578**	329	**194**	164
– Others	**738**	515	**346**	247
Total short-term employee benefits	**4,865**	2,807	**1,560**	1,401
	9,492	5,635	**6,073**	4,124

29. CONTINGENT LIABILITY

The Company provided a corporate guarantee to a bank in relation to a term loan obtained by a subsidiary company (Note 14).

30. SIGNIFICANT EVENTS

Significant events during and subsequent to the financial year are as follows:-

(i) The Company announced on 18 June 2014, the Company is undertaking proposed renounceable rights issue **("Proposed Rights Issue")**, proposed special issue **("Proposed Special Issue")**, proposed acquisitions of 100.0% of the issued and paid-up capital of OGPC Sdn. Bhd. **("OGPC")** (Company No. 300347-H) and 52.0% of the issued and paid-up capital of OGPC O & G Sdn. Bhd. **("OGPCOG")** (Company No. 805887-X) **("Proposed Acquisitions")** and proposed establishment of an Employee's Share Option Scheme **("ESOS") ("Proposed ESOS")**.

The Proposed Rights Issue, Proposed Special Issue, Proposed Acquisitions and Proposed ESOS hereinafter collectively referred to as the **"Proposals"**.

On 5 March 2015, the Company announced it is revising the terms of the Proposed Special Issue **("Revised Proposed Special Issue")** and revising the terms of the Proposed Acquisitions **("Revised Proposed Acquisitions")**.

The Proposed Rights Issue, Revised Proposed Special Issue, Revised Proposed Acquisitions and Proposed ESOS shall be collectively referred to as the **"Revised Proposals"**.

The Revised Proposals are subject to the following approvals being obtained:-

(a) the Securities Commission Malaysia ("SC") pursuant to the SC Equity Guidelines for the significant change in the business direction or policy of the Company and the registration of Abridged Prospectus **("AP")**;

(b) Bursa Securities pursuant to the Listing Requirements;

(c) the shareholders of the Company for the Revised Proposals;

(d) Companies Commission of Malaysia for the lodgement of AP; and

(e) such other waivers, consents or approvals as may be required from any relevant authorities and/or third parties including Khazanah Nasional Berhad, if required.

The SC had on 20 October 2015, approved the Company's Revised Proposals. Subsequently on 27 January 2016, the Company had obtained approval from its shareholders at an Extraordinary General Meeting ("EGM") in relation to the above Revised Proposals.

(ii) On 9 April 2015, the Company announced its 71.25% subsidiary, Dagang Net Technologies Sdn. Bhd. **("Dagang Net")** is undertaking a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 **("Proposed SCR")** by the reduction of the outstanding ordinary shares of RM0.50 each in Dagang Net **("Dagang Net Shares")** held by the shareholders of Dagang Net, such shareholders being Lembaga Tabung Haji **("Tabung Haji")**, Bank Islam Malaysia Berhad **("BIMB")**, Juasa Holdings Sdn. Bhd. **("Juasa Holdings")** and Dato' Sri Syed Hussien bin Abd Kadir (trustee for National Chamber of Commerce and Industry of Malaysia) **("Dato' Sri Syed Hussien")** (Tabung Haji, BIMB, Juasa Holdings and Dato' Sri Syed Hussien are collectively referred to as Minority Shareholders **("Minority Shareholders")**), who agree or have agreed to accept the Proposed SCR.

The said reduction shall be effected by way of cancellation of such Dagang Net Shares held by the Minority Shareholders who accept or who agree to accept the Proposed SCR in consideration of a capital repayment by Dagang Net of RM1.50 in cash for each existing Dagang Net Share held by the Minority Shareholders who accept or agree to accept the Proposed SCR.

The Proposed SCR is completed and Dagang Net is deemed as the Company's wholly-owned subsidiary as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

30. SIGNIFICANT EVENTS (CONTINUED)

Significant events during and subsequent to the financial year are as follows:- (continued)

(iii) On 9 March 2015, the Company acquired a 51% equity interest in Forward Energy Sdn. Bhd. and all of its subsidiaries as disclosed in Note 5 to the financial statements, comprising 1,530,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,530,000.

(iv) On 24 March 2015, Company incorporated a subsidiary known as DNeX Oilfield Services Sdn. Bhd. ("DNeX Oilfield"). The authorised share capital of DNeX Oilfield is RM400,000 comprising 400,000 ordinary shares of RM1.00 each and its paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The Company had subscribed for 80% of the issued and paid-up share capital of DNeX Oilfield in cash.

(v) On 13 April 2015 a subsidiary of the Company had acquired a 51% equity interest in DNeX RFID Sdn. Bhd., comprising 51 ordinary shares on RM1.00 each for a total cash consideration of RM51.

(vi) On 6 August 2015, a subsidiary of the Company has changed its name from DNeX Hallmark e-Commerce Sdn. Bhd. to DNeXPORT Sdn. Bhd.

(vii) On 7 September 2015, DNeX Petroleum Sdn Bhd **("DNeX Petroleum")** had entered into a share subscription agreement in relation to Ping Petroleum Limited **("Ping")** with Ping to subscribe for new ordinary shares of USD0.001 each in Ping, which represent 30% of the enlarged issued share capital of Ping, for a total consideration of USD10.0 million. **("Proposed Ping Subscription")**

The Proposed Ping Subscription is subject to the following approvals being obtained:-

(i) the Company's shareholders for the Proposed Ping Subscription at the forthcoming EGM;

(ii) such other waivers, consents or approvals as may be required from any relevant authorities and/or third parties, if required.

31. 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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total accumulated losses of the Company and its subsidiaries:				
– realised	**(41,258)**	(32,778)	**(70,744)**	(71,321)
– unrealised	**36**	(2,790)	**23**	–
	(41,222)	(35,568)	**(70,721)**	(71,321)
Less: Consolidation adjustments	**(12,773)**	(33,291)	**–**	–
Total accumulated losses	**(53,995)**	(68,859)	**(70,721)**	(71,321)

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 70 to 128 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 2015 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 31 on page 129 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

Norlila Hassan

Kuala Lumpur,
Date: 26 February 2016

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, do solemnly and sincerely declare that the financial statements set out on pages 70 to 129 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 26 February 2016.

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
(Incorporated in Malaysia) Company No. 10039-P

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Dagang NeXchange Berhad, which comprise the statements of financial position as at 31 December 2015 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 70 to 128.

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 2015 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.

INDEPENDENT AUDITORS' REPORT
to the members of Dagang NeXchange Berhad
(Incorporated in Malaysia) Company No. 10039-P (continued)

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.

(c) 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.

(d) The 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 31 on page 129 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

Chan Kuan Chee
Approval No: 2271/10/17(J)
Chartered Accountant

Kuala Lumpur
Date: 26 February 2016

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

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	:	20,393
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	518	6	8,159	172	0.00	0.00
100 to 1,000 shares	4,381	63	4,071,828	56,470	0.52	0.01
1,001 to 10,000 shares	9,719	168	48,087,855	864,733	6.20	0.11
10,001 to 100,000 shares	4,734	116	165,958,369	4,607,900	21.41	0.59
100,001 to less than 5% of issued shares	647	40	230,843,434	16,633,032	29.78	2.15
5% and above of issued shares	1	0	304,112,731	0	39.23	0.00
TOTAL	**20,000**	**393**	**753,082,376**	**22,162,307**	**97.14**	**2.86**

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shares	Percentage (%)	No. of Shareholders	Percentage (%)
Individuals	337,282,384	43.51	17,656	86.58
Nominee Companies	423,454,525	54.62	2,586	12.68
Industrial & Commercial Companies	12,760,774	1.65	131	0.64
Government Agencies	114,000	0.01	3	0.02
Banks/Finance Companies	707,000	0.09	10	0.05
Foundation/Investment Trusts/Charities	926,000	0.12	7	0.03
TOTAL	**775,244,683**	**100.00**	**20,393**	**100.00**

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

Name of Directors	Direct Interest No. of Shares	Direct Interest Percentage (%)	Indirect Interest No. of Shares	Indirect Interest 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	0.64	0	0.00

Notes:-

* *Resigned on 12 April 2016*

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

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2016 (continued)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2016

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Censof Holdings Berhad	304,112,731	39.23
2.	JF Apex Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Zainal 'Abidin Bin Abd Jalil (Margin)	5,000,000	0.64
3.	Eashwary A/P Mageswaren	4,453,400	0.57
4.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Wong Siew Chan	4,365,400	0.56
5.	Wong Tat @ Wong Tat Hon	3,605,600	0.47
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Phua Sin Mo	3,300,000	0.43
7.	SJ Sec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Seo Cheng Gaok (SMT)	3,000,000	0.39
8.	RHB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Mohd Shafie Bin Abdullah	3,000,000	0.39
9.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB Bank For Ng Chai Hock (MY0972)	2,794,100	0.36
10.	Tan Tiam Yee	2,779,200	0.36
11.	Lim Kooi Fui	2,633,300	0.34
12.	Balasubramaniam A/L A Selvaratnam	2,378,600	0.31
13.	Wong Ah Chai	2,150,000	0.28
14.	Sky Blue Media Sdn Bhd	2,000,000	0.26
15.	HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Ong Chin Seong	1,730,800	0.22
16.	Yeo Ann Seck	1,600,000	0.21
17.	Lim Chaur Kuan	1,590,000	0.20
18.	Fang Choon Ying	1,550,600	0.20
19.	Ng Teng Song	1,532,000	0.20
20.	Apollo Food Holdings Berhad	1,500,000	0.19
21.	Chong Khim Wong	1,488,000	0.19
22.	Liang Chiang Heng	1,443,700	0.19
23.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Teoh Hin Heng (E-BMM)	1,350,000	0.17
24.	Yap Sook Chin	1,300,000	0.17
25.	Cartaban Nominees (Tempatan) Sdn Bhd – DBS Vickers (Hong Kong) Limited For Teh Hong Eng	1,300,000	0.17
26.	Lim Kim Lin	1,272,000	0.16
27.	Ng Siew Lan	1,250,000	0.16
28.	Mohd Jamel Bin Abdul Munin	1,200,000	0.15
29.	Affin Hwang Nominees (Asing) Sdn. Bhd. – DBS Vickers Secs (S) Pte Ltd For Tay Boon Huat	1,180,800	0.15
30.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Exempt An For Bank of Singapore Limited	1,151,400	0.15
	TOTAL	**368,011,631**	**47.47**

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016 (continued)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS, EXCLUDING BARE TRUSTEES AS AT 31 MARCH 2016

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Censof Holdings Berhad	304,112,731	39.23

GROUP CORPORATE DIRECTORY

INFORMATION TECHNOLOGY

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

DNeX Solutions Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX Technology Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

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

DNeX RFID Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

ENERGY

DNeX Petroleum Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 2966
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX Oilfield Services Sdn. Bhd.
Suite 15.09, 15th Floor, G Tower
199 Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 2181 5924
Fax : (03) 2181 5934
Email : info@dnex.com.my
Website : www.dnex.com.my

Forward Energy Sdn Bhd
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 2966
Email : info@forwardenergy.com.my
Website : www.forwardenergy.com.my

Solution Power Matrix Sdn. Bhd.
Lot No. N.6.3, Level 6
Bangunan Dewan Perniagaan Tionghua
Jalan Laiman Diki, Kampong Air
88000 Kota Kinabalu, Sabah
Tel : (088) 223 450
Fax : (088) 212 541
Email : info@forwardenergy.com.my

Forward Energy Ltd.
Level 2, Lot 19
Lazenda Commercial Centre, Phase 3
87007 Federal Territory of Labuan, Malaysia
Tel : (087) 421 644
Fax : (087) 421 646
Email : info@forwardenergy.com.my

Forward Energy Generation Ltd.
Level 2, Lot 19
Lazenda Commercial Centre, Phase 3
87007 Federal Territory of Labuan, Malaysia
Tel : (087) 421 644
Fax : (087) 421 646
Email : info@forwardenergy.com.my

Global Energy Corp Limited
Brumby Centre,
Lot 42, Jalan Muhibbah,
87000 Federal Territory of Labuan, Malaysia
Tel : (087) 593 828
Fax : (087) 417 242
Email : info@dnex.com.my

NOTICE OF FORTY SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Sixth Annual General Meeting ("**46th AGM**") of Dagang NeXchange Berhad ("**DNeX**" or the "**Company**") will be held at the **Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 9 June 2016** at **10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offer themselves for re-election:
   (a) Tan Sri Abd Rahman Mamat — **Resolution 1**
   (b) Rosli Abdullah — **Resolution 2**
   (c) Ang Hsin Hsien — **Resolution 3**

3. To approve the payment of the following Directors' fees in respect of the financial year ending 31 December 2016 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**

4. 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:

5. **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 and allot 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 at the time of submission 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."

6. 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.

NOTICE OF FORTY SIXTH ANNUAL GENERAL MEETING
(continued)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 46th 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 2 June 2016. Only a depositor whose name appears on the Record of Depositors as at 2 June 2016 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 April 2016

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 2015

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.

Re-election of Directors who retire in accordance with Article 94 of the Company's Articles of Association

8. Article 94 of the Company's Articles of Association provides that an election of Directors shall take place at an Annual General Meeting of the Company. All Directors shall retire from office once at least in every 3 years, but shall be eligible for re-election. With the current Board size of eight (8), three (3) Directors are to retire in accordance with Article 94 of the Company's Articles of Association. The shareholders' approval is sought under Resolutions 1, 2 and 3.

   Tan Sri Abd Rahman Mamat, Rosli Abdullah and Ang Hsin Hsien are standing for re-election as Directors of the Company. The Nomination and Remuneration Committee ("NRC") and the Board of Directors (the "Board") have considered the assessment of the three (3) Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The profiles of these Directors are set out on pages 30, 34 and 37 of the Company's Annual Report for the financial year ended 31 December 2015. The Board, through the NRC had carried out an assessment of the independence of Tan Sri Abd Rahman Mamat and Rosli Abdullah pursuant to the criteria as prescribed by the MMLR and Malaysian Code on Corporate Governance 2012 and are satisfied that they meet the criteria for independence. Tan Sri Abd Rahman Mamat and Rosli Abdullah were appointed as Directors on 12 December 2013 and both do not exceed the tenure of nine (9) years.

   The retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

Non-Executive Directors' Fees

9. 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 Annual General Meeting held on 18 June 2008.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued share capital of the Company ("General Mandate"), which was approved at the 45th Annual General Meeting ("45th AGM") held on 24 June 2015 and which shall lapse at the conclusion of the 46th AGM.

The proposed Resolution 7 is a renewal of the General Mandate obtained from the shareholders of the Company at the previous 45th AGM.

This resolution, if passed, will give the Directors of the Company the mandate 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 subsequent to the 46th AGM. 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.

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/her re-election at the 46th 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 46th AGM.

ADMINISTRATIVE DETAILS

Date **9 June 2016**

Time **10.00 a.m.**

Venue **Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur**

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. Upon 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 wristband. No person will be allowed to enter the meeting room without the identification wristband. There will be no replacement in the event that you lose or misplace the identification wristband.

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.

HELP DESK

1. Please proceed to the 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 46th 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 2 June 2016. Only the depositor whose name appears in the Record of Depositors as at 2 June 2016 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 2015

1. The Annual Report 2015 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 2015, 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
(ii)	Noor Aini Ngateman	(03) 2730 0468

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 Sixth Annual General Meeting ("46th AGM") of the Company to be held at Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 9 June 2016 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 Tan Sri Abd Rahman Mamat 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 Rosli Abdullah 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 2**		
3.	To re-elect Ang Hsin Hsien who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers herself 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 2016 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 2016 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 ________________ 2016

____
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. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote in his/her stead.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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 2 June 2016. Only a depositor whose name appears on the Record of Depositors as at 2 June 2016 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

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