



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Revenue	72,198	51,183	141,147	122,290
Cost of sales	(42,241)	(23,989)	(81,667)	(49,155)
Gross profit	29,957	27,194	59,480	73,135
Other income	868	4,143	4,484	6,692
Expenses	(21,138)	(24,039)	(44,998)	(47,394)
Finance cost	(940)	(783)	(1,765)	(1,802)
Share of result of associate, net of tax	6,005	6,574	13,866	12,633
Profit before income tax	14,752	13,089	31,067	43,264
Income tax (Note 14)	(2,120)	(1,525)	(4,505)	(3,013)
Zakat	(1)	(1)	(2)	(1)
Profit for the period	12,631	11,563	26,560	40,250
Other comprehensive income for the period, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	23	214	(34)	(43)
Share of other comprehensive income of associate	3,031	8,011	240	(688)
Fair value change in other investment	-	199	-	(215)
Other comprehensive income for the period, net of tax	3,054	8,424	206	(946)
Total comprehensive income for the period	15,685	19,987	26,766	39,304



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Profit attributable to:				
- Owners of the Company	12,349	12,161	24,282	28,396
- Non-controlling Interests	282	(598)	2,278	11,854
Profit for the period	12,631	11,563	26,560	40,250
Total comprehensive income attributable to:				
- Owners of the Company	15,403	20,585	24,488	27,450
- Non-controlling Interests	282	(598)	2,278	11,854
Total comprehensive income for the period	15,685	19,987	26,766	39,304
Earnings per share				
- Basic	0.70 sen	0.69 sen	1.38 sen	1.62 sen
- Diluted	0.69 sen	0.68 sen	1.37 sen	1.61 sen

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(64)	(192)	(111)	(407)
Gain on disposal of property, plant and equipment	(79)	(3,813)	(82)	(3,811)
Gain on disposal of investment in subsidiary	(464)	-	(464)	-
Interest expense	940	783	1,765	1,802
Depreciation and amortization	4,374	3,890	8,617	8,214
Allowance for/(Reversal of) impairment loss	149	(450)	475	757
Foreign exchange loss/(gain)	37	104	(98)	130

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/6/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,803	68,190
Investment in associates	215,097	200,907
Other investments	4,584	4,633
Goodwill	58,522	60,220
Intangible assets	39,374	41,933
Deferred tax assets	226	226
	<u>386,606</u>	<u>376,109</u>
Current assets		
Inventories	1,412	3,021
Contract assets	87,201	76,935
Trade and other receivables	138,439	129,475
Current tax assets	3,280	3,530
Cash and cash equivalents	25,853	38,998
	<u>256,185</u>	<u>251,959</u>
Total assets	<u>642,791</u>	<u>628,068</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	354,322	354,322
Warrant reserve	5,691	5,691
Share Option reserve	831	831
Translation reserve	(2,020)	(2,264)
Fair value reserve	(734)	(734)
Retained earnings	116,640	96,750
	<u>474,730</u>	<u>454,596</u>
Non-controlling Interests	(2,369)	(13,086)
Total equity	<u>472,361</u>	<u>441,510</u>
Non-current liabilities		
Loan and borrowings (secured)	16,887	17,964
Deferred tax liabilities	6,558	7,524
	<u>23,445</u>	<u>25,488</u>
Current liabilities		
Trade and other payables	100,566	125,028
Loan and borrowings (secured)	39,468	29,611
Current tax liabilities	6,951	6,431
	<u>146,985</u>	<u>161,070</u>
Total liabilities	<u>170,430</u>	<u>186,558</u>
Total equity and liabilities	<u>642,791</u>	<u>628,068</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.27</u>	<u>0.25</u>

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



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2019

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2019 RM'000	Unaudited Six months to 30/6/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	131,779	154,156
Cash payments to suppliers	(84,024)	(50,334)
Cash payments to employees and other expenses	(57,718)	(42,499)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(9,963)	61,323
Income tax paid (net)	(4,751)	(9,406)
Zakat	44	113
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(14,670)	52,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(5,590)	(12,163)
Proceeds from disposal of property, plant and equipment	58	-
Interest received	111	340
Acquisition of investments	(83)	-
Acquisition of subsidiaries	-	(21,297)
	<hr/>	<hr/>
Net cash used in investing activities	(5,504)	(33,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share options exercised	-	555
Drawdown/(Repayment) of bank borrowings (net)	8,780	(47,410)
Payment of finance cost	(1,765)	(2,133)
Decrease in pledged deposits and restricted cash	4,797	3,513
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	11,812	(45,475)
Net Change in Cash and Cash Equivalents	(8,362)	(26,565)
Cash and Cash Equivalents as at beginning of financial period	19,670	44,693
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	(a) 11,308	18,128
	=====	=====

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

	As at 30/6/2019 RM'000	As at 30/6/2018 RM'000
Cash and deposits with licensed banks		
- Unrestricted	18,360	18,128
- Restricted and pledged	7,493	3,628
	<hr/>	<hr/>
	25,853	21,756
Less : Cash and cash equivalents pledged as security	(7,493)	(3,628)
Less : Bank overdrafts	(7,052)	-
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	11,308	18,128
	=====	=====

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

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2019

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Share Option reserve	Translation reserve	Fair value reserve	Retained earnings			
Six months to 30 June 2019									
Balance as at 1 January 2019	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510
Prior year adjustment	-	-	-	-	-	-	-	3,851	3,851
Balance as at 1 January 2019, restated	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(9,235)	445,361
Profit for the period	-	-	-	-	-	24,282	24,282	2,278	26,560
Foreign currency translation differences for foreign operations	-	-	-	(34)	-	-	(34)	-	(34)
Share of other comprehensive income of associates	-	-	-	240	-	-	240	-	240
Total comprehensive income for the period	-	-	-	206	-	24,282	24,488	2,278	26,766
Contribution by and distribution to owners of the Company									
- Effect on Issue of shares of subsidiaries	-	-	-	-	-	(1,735)	(1,735)	2,411	676
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	38	-	(2,657)	(2,619)	2,177	(442)
Total transaction with owners of the Company	-	-	-	38	-	(4,392)	(4,354)	4,588	234
Balance as at 30 June 2019	354,322	5,691	831	(2,020)	(734)	116,640	474,730	(2,369)	472,361

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2019

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

In RM'000	← Attributable to Owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Non-distributable			Retained earnings			
	Share capital	Warrant reserve	Share Option reserve	Translation reserve	Fair value reserve	Retained earnings			
Six months to 30 June 2018									
Balance as at 1 January 2018	353,502	5,691	998	(6,150)	-	72,864	426,905	(2,548)	424,357
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	(27)	(1,508)	(1,535)	-	(1,535)
At 1 January 2018, restated	353,502	5,691	998	(6,150)	(27)	71,356	425,370	(2,548)	422,822
Profit for the period	-	-	-	-	-	28,396	28,396	11,854	40,250
Foreign currency translation differences for foreign Operations	-	-	-	(43)	-	-	(43)	-	(43)
Share of other comprehensive income of associates	-	-	-	(688)	-	-	(688)	-	(688)
Fair value change in other investment	-	-	-	-	(215)	-	(215)	-	(215)
Total comprehensive income for the period	-	-	-	(731)	(215)	28,396	27,450	11,854	39,304
Contribution by and distribution to owners of the Company									
- Effect of acquisition of subsidiary	-	-	-	-	-	-	-	(24,168)	(24,168)
- Share options exercised	699	-	(143)	-	-	-	556	-	556
Total transaction with owners of the Company	699	-	(143)	-	-	-	556	(24,168)	(23,612)
Balance as at 30 June 2018	354,201	5,691	855	(6,881)	(242)	99,752	453,376	(14,862)	438,514

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

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2019

V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2019, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These quarterly financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

2 Significant accounting policies

The Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") with for the financial period on or after from 1 January 2019:-

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation Classification

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

3 Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 was not qualified.

4 Seasonal or cyclical factors

The Group's operations are not subject to any seasonal or cyclical factors.

5 Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

6 Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2019

7 Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30 June 2019.

8 Dividend

The Directors do not recommend the payment of any dividend for the period ended 30 June 2019 (2018: Nil).

9 Segmental information for the current period

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

Business segment	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
2019					
Business segments					
Revenue from external Customers	116,400	24,747	-	-	141,147
Inter-segment revenue	2,480	-	-	(2,480)	-
Total revenue	118,880	24,747	-	(2,480)	141,147
Segment result					
Profit/(Loss) from operations	20,958	(2,503)	400	-	18,855
Finance costs	(1,036)	(8)	(721)	-	(1,765)
Finance income	111	-	-	-	111
Share of results in associates, net of tax	-	13,866	-	-	13,866
Profit before tax	20,033	11,355	(321)	-	31,067
Tax expense					(4,505)
Zakat					(2)
Net profit after tax					26,560
Attributable to:					
Owners of the Company					24,282
Non-controlling interests					2,278
Profit for the period					26,560
Segment assets	421,390	378,479	365,192	(522,270)	642,791
Segment liabilities	275,316	44,357	42,062	(191,305)	170,430



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10 Material events subsequent to the current period

In the opinion of the Directors, there are no items, transactions or events of material and unusual nature which have arisen since 30 June 2019 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2019.

11 Changes in the composition of the Group

There are no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

12 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement, other than disclosed below:

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

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

13 Capital commitments

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

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Malaysian income tax				
- Current taxation	(2,603)	(2,005)	(5,471)	(4,262)
Total current tax expense	(2,603)	(2,005)	(5,471)	(4,262)
Deferred tax expenses				
- Current period	483	480	966	1,249
Total deferred tax expenses	483	480	966	1,249
	(2,120)	(1,525)	(4,505)	(3,013)

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



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15 Status of corporate proposals announced but not completed as at the date of this announcement

There are no announced corporate proposals that are not completed as at the date of this report.

16 Derivatives

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

17 Classification of financial assets

For period ended 30 June 2019, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

18 Material litigation

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

19 Comparison between the current quarter and the immediate preceding quarter

	Current year quarter 30/6/2019 RM'000	Immediate preceding quarter 31/3/2019 RM'000	Variance %
Revenue	72,198	68,949	+4.7
- Information Technology ("IT")	59,076	57,324	+3.1
- Energy	13,122	11,625	+12.9
Profit before tax ("PBT")	14,752	16,315	-9.6
Information Technology ("IT")	9,498	10,535	-9.8
Energy	4,134	7,221	-42.7
Corporate, net of elimination	1,120	(1,441)	>+100.0

Revenue

The Group recorded quarter-to-quarter revenue growth of 4.7% or RM3.2 million, mainly contributed by the Road to Makkah project (RM4.7 million), an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims.

The Group's trade facilitation and e-Commerce unit shows a 3.7% revenue increase in its current year quarter (Q2, 2019: RM22.2 million; Q1, 2019: RM21.4 million). The current quarter shown an increase in trade traffic volume of 1% but overall year-to-date volume was affected by economic slowdown in line with global trends.

System Integration & Consultancy business reported lower revenue in current year quarter by 10% (Q2, 2019: RM32.3 million; Q1, 2019: RM35.9 million). The lower revenue in current quarter was mainly due to:

- Slow down in the progress billings on submarine cable installation and repair project in Indonesia (Q2,2019: RM5.7 million; Q1,2019: RM7.7 million); and
- Lower revenue for the development and maintenance of the Integrated Government Finance & Management System ("iGFMAS") (Q2, 2019: RM22.0 million; Q1, 2019: RM23.5 million).

The Group's Energy division shows a 12.9% increase in its revenue, mainly contributed by Trading & Services (Q2, 2019: RM12.7 million; Q1, 2019: RM10.8 million). However, Drilling & Oilfield services continue to experience significant competitive pressure in an industry's slow recovery in oil & gas activities.



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Profit Before Tax (“PBT”)

The Group’s trade facilitation and e-Commerce recorded strong PBT increase of 34% in current year quarter (Q2, 2019: RM8.6 million; Q1, 2019: RM6.4 million), in line with the increase in trade traffic volume and the billing for Road to Makkah project.

System Integration & Consultancy business reported a lower PBT in current quarter (Q2, 2019: RM0.9 million; Q1, 2019: RM4.1 million), resulting in immediate preceding quarter’s other income of RM1.2 million for waiver of indirect tax penalty given by the Authority.

The Group’s Energy segment recorded a reduction of RM3.1 million in PBT for the current year quarter as compared to immediate preceding quarter. The lower PBT in current quarter was mainly due to:

- Lower share of PBT from associate of RM1.9 million, due to higher corporate and development activities; and
- Loss in Drilling & Oilfield service unit of RM1.8 million, due to unabsorbed depreciation charges of RM1.9million.

The significant PBT improvement in Trading & Services unit (Q2, 2019: RM2.0 million; Q1, 2019: RM1.4 million) has partially offset the PBT reduction in Energy segment.

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

(a) Quarter ended 30 June 2019 compared with quarter ended 30 June 2018

	Current year quarter 30/6/2019 RM’000	Preceding year corresponding quarter 30/6/2018 RM’000	Variance %
Revenue	72,198	51,183	+41.0
- Information Technology (“IT”)	59,076	39,622	+49.1
- Energy	13,122	11,561	+13.5

The Group recorded quarter-to-quarter revenue growth of 41% or RM21.0 million, mainly contributed by:-

- maintenance contract for iGFMS project of RM14.4 million kick started from August 2018;
- the Road to Makkah project (RM4.7million), an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims; and
- Trading & Services (Q2, 2019: RM12.7 million; Q2, 2018: RM11.4 million).

	Current year quarter 30/6/2019 RM’000	Preceding year corresponding quarter 30/6/2018 RM’000	Variance %
Profit before tax (“PBT”)	14,752	13,089	+12.7
- Information Technology (“IT”)	9,498	6,786	+40.0
- Energy	4,134	6,140	-32.7
- Corporate, net of elimination	1,120	163	>+100

The Group’s IT shows a PBT improvement of 40% (RM2.7 million) in current quarter. The increase mainly contributed by:

- Trade facilitation and e-Commerce which recorded higher PBT by RM2.0 million in current year quarter (Q2, 2019: RM8.6 million; Q2, 2018: RM6.6 million), in line with the increase in trade traffic volume and the billing for Road to Makkah project; and
- System Integration & Consultancy business remains profitable with incremental PBT of RM0.7 million (Q2, 2019: RM0.9 million; Q2, 2018: RM0.2 million)



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The Group's Energy segment recorded a reduction in PBT for the current year quarter as compared to preceding year corresponding quarter. The breakdown by business segment is detailed as follows:

	Current year quarter 30/6/2019 RM'mil	Preceding year corresponding quarter 30/6/2018 RM'mil
Trading & Services	2.0	0.5
Drilling & Oilfield Services	(1.8)	0.9
Upstream Exploration & Production	6.0	6.5
Sub Total	6.2	7.9
Amortization of Intangible assets arising from consolidation	(2.1)	(1.8)
Profit before tax ("PBT")	4.1	6.1

(b) Year-to-date ended 30 June 2019 compared with year-to-date ended 30 June 2018

	Six months to 30/6/2019 RM'000		Six months to 30/6/2018 RM'000		Variance %
Revenue	141,147	%	122,290	%	+15.4
- Information Technology ("IT")	116,400	82	98,930	81	+17.6
- Energy	24,747	18	23,360	19	+5.9

The Group recorded a revenue jumped of RM18.9 million in the first six (6) months ended 30 June 2019. The overall 15.4% higher revenue was mainly due to:

- Work done on submarine cable installation and repair project in Indonesia of RM13.3 million;
- Road to Makkah project, an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims project totaling RM4.7 million;
- Higher revenue of RM4.9 million for the development and maintenance of the Integrated Government Finance & Management System ("iGFMAS") (YTD, 2019: RM45.7 million; YTD, 2018: RM40.8 million); and
- Partly offset by revenue reduction in trade facilitation and e-Commerce business of RM4.1 million (YTD, 2019: RM43.6 million; YTD, 2018: RM47.7 million). The overall year-to-date trade traffic volume dropped by 20% was affected by economic slowdown in line with global trends.



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	Six months to 30/6/2019 RM'000	Six months quarter 30/6/2018 RM'000	Variance %
Profit before tax ("PBT")	31,067	43,264	-28.2
- Information Technology ("IT")	20,033	32,133	-37.7
- Energy	11,355	10,437	+8.8
- Corporate, net of elimination	(321)	694	>-100

Included in the Group's PBT for the six (6) months ended 30 June 2018 was a post-acquisition PBT of RM19.0 million (RM3.2 million for YTD, 2019) resulted from full consolidation of Genaxis Group Sdn. Bhd. and its subsidiary company Innovation Associates Consulting Sdn. Bhd. ("Genaxis Group").

The Group's IT (excluding Genaxis Group) shows PBT improvement of 35% (RM 4.4 million) for the six (6) months period ended 30 June 2019. The increase mainly contributed by:

- Trade facilitation and e-Commerce recorded higher PBT by RM1.0 million in current year (YTD, 2019: RM15.0 million; YTD, 2018: RM14.0 million), in line with the billing for Road to Makkah project; and
- Improving in System Integration & Consultancy business other than Genaxis Group incremental PBT growth of RM3.2 million (YTD, 2019: RM1.8 million; YTD, 2018: -RM1.4 million)

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

	YTD 30/6/2019 RM'mil	YTD 30/6/2018 RM'mil
Trading & Services	3.4	2.4
Drilling & Oilfield Services	(1.7)	0.5
Upstream Exploration & Production	13.9	12.6
Power	-	(1.2)
Sub Total	15.6	14.3
Amortization of Intangible assets arising from consolidation	(4.3)	(3.9)
Profit before tax ("PBT")	11.3	10.4

21 Prospects for 2019

The regional economy is likely to see slower growth in 2019, as trade tensions continue between China and United States expects to affect economies across Asia.

The Group continues to aggressively pursue its Group-wide operational cost optimization programme driving towards achieving improvements in operational efficiency and business profitability based on a sustainable cost structure. At the same time, the Group is focusing on the implementation of planned new initiatives targeted to generate sustainable revenue.

Barring any unforeseen circumstances, the Group expects to deliver positive results for the year 2019.

22 Variance for actual and forecast profit

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



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23 Earnings per share

Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 '000	Preceding year corresponding quarter 30/6/2018 '000	Six months to 30/6/2019 '000	Six months to 30/6/2018 '000
Profit attributable to the Owners of the Company (RM)	12,349	12,161	24,282	28,396
Number of ordinary shares at beginning of the period	1,758,036	1,757,339	1,758,036	1,755,372
- Effect of shares issue pursuant to exercise of ESOS	-	199	-	1,401
Weighted average number of ordinary shares	1,758,036	1,757,538	1,758,036	1,756,773
Basic earnings per share (sen)	0.70	0.69	1.38	1.62

Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 '000	Preceding year corresponding quarter 30/6/2018 '000	Six months to 30/6/2019 '000	Six months to 30/6/2018 '000
Profit attributable to the Owners of the Company (RM)	12,349	12,161	24,282	28,396
Weighted average number of ordinary shares as per basic earnings per share	1,758,036	1,757,439	1,758,036	1,756,773
Effect of potential exercise of ESOS	7,452	9,731	7,569	10,085
Weighted average number of ordinary shares	1,765,488	1,767,170	1,765,605	1,766,858
Diluted earnings per share (sen)	0.69	0.68	1.37	1.61

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

24 Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur
22 August 2019

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