



**DAGANG NEXCHANGE BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000
Revenue	61,999	63,312	203,146	185,602
Cost of sales	(34,187)	(35,328)	(115,854)	(84,483)
Gross profit	27,812	27,984	87,292	101,119
Other income	556	3,547	5,040	10,239
Expenses	(24,904)	(28,914)	(69,902)	(76,308)
Finance cost	(1,018)	(699)	(2,783)	(2,501)
Share of result of associate, net of tax	7,016	9,343	20,882	21,976
Profit before income tax	9,462	11,261	40,529	54,525
Income tax (Note 14)	(831)	(3,406)	(5,336)	(6,419)
Zakat	(2)	(2)	(4)	(3)
Profit for the period	8,629	7,853	35,189	48,103
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	99	142	65	99
Share of other comprehensive income of associate	2,357	4,902	2,597	4,214
Fair value change in other investment	-	(6)	-	(221)
Other comprehensive income for the period, net of tax	2,456	5,038	2,662	4,092
Total comprehensive income for the period	11,085	12,891	37,851	52,195



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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 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000
Profit attributable to:				
- Owners of the Company	9,482	6,648	33,764	35,044
- Non-controlling Interests	(853)	1,205	1,425	13,059
Profit for the period	8,629	7,853	35,189	48,103
Total comprehensive income attributable to:				
- Owners of the Company	11,938	11,686	36,426	39,136
- Non-controlling Interests	(853)	1,205	1,425	13,059
Total comprehensive income for the period	11,085	12,891	37,851	52,195
Earnings per share				
- Basic	0.54 sen	0.38 sen	1.92 sen	1.99 sen
- Diluted	0.53 sen	0.37 sen	1.91 sen	1.98 sen

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(23)	(109)	(134)	(516)
(Gain)/Loss on disposal of property, plant and equipment	(1)	456	(83)	(3,355)
Gain on disposal of investment in subsidiary	-	(1,815)	(464)	(1,815)
Interest expense	1,018	699	2,783	2,501
Depreciation and amortization	5,040	4,734	13,657	12,948
(Reversal of)/Allowance for impairment loss	(206)	292	269	1,049
Foreign exchange (gain)/loss	(256)	3	(354)	133
Impairment of goodwill	-	3,600	-	3,600

The condensed consolidated statement of profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,955	68,190
Investment in associates	224,471	200,907
Other investments	12,043	4,633
Goodwill	58,522	60,220
Intangible assets	36,438	41,933
Deferred tax assets	226	226
	<u>399,655</u>	<u>376,109</u>
Current assets		
Inventories	1,131	3,021
Contract assets	77,704	76,935
Trade and other receivables	127,556	129,475
Current tax assets	2,250	3,530
Cash and cash equivalents	24,406	38,998
	<u>233,047</u>	<u>251,959</u>
Total assets	632,702	628,068
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	436	(2,264)
Fair value reserve	(734)	(734)
Retained earnings	117,332	96,750
	<u>477,878</u>	<u>454,596</u>
Non-controlling Interests	(4,202)	(13,086)
Total equity	<u>473,676</u>	<u>441,510</u>
Non-current liabilities		
Loan and borrowings (secured)	16,613	17,964
Deferred tax liabilities	6,075	7,524
	<u>22,688</u>	<u>25,488</u>
Current liabilities		
Trade and other payables	87,459	125,028
Loan and borrowings (secured)	48,185	29,611
Current tax liabilities	694	6,431
	<u>136,338</u>	<u>161,070</u>
Total liabilities	<u>159,026</u>	<u>186,558</u>
Total equity and liabilities	632,702	628,068
Net assets per share attributable to Owners of the Company (RM)	0.27	0.25

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



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2019 RM'000	Unaudited Nine months to 30/9/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	197,296	212,167
Cash payments to suppliers	(122,678)	(74,120)
Cash payments to employees and other expenses	(89,469)	(68,296)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(14,851)	69,751
Income tax paid (net)	(11,094)	(15,408)
Zakat	11	82
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(25,934)	54,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(6,487)	(13,768)
Proceeds from disposal of property, plant and equipment	12,696	-
Interest received	134	364
Acquisition of investments	(83)	-
Acquisition of subsidiaries	-	(22,724)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	6,260	(36,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share options exercised	-	600
Proceeds from issuance of ordinary shares	196	-
Drawdown/(Repayment) of bank borrowings (net)	17,223	(46,128)
Dividend paid to owners of the Company	(8,790)	-
Dividend paid by a subsidiary to non-controlling interests	(980)	-
Payment of finance cost	(2,775)	(2,723)
Decrease/(Increase) in pledged deposits and restricted cash	4,751	(1,931)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	9,625	(50,182)
Net Change in Cash and Cash Equivalents	(10,049)	(31,885)
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) 9,621	12,808
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(a) Cash and Cash Equivalents comprise the following Statements of Financial Position amounts:

	As at 30/9/2019 RM'000	As at 30/9/2018 RM'000
Cash and deposits with licensed banks		
- Unrestricted	16,867	12,808
- Restricted and pledged	7,539	9,071
	<hr/>	<hr/>
	24,406	21,879
Less : Cash and cash equivalents pledged as security	(7,539)	(9,071)
Less : Bank overdrafts	(7,246)	-
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	9,621	12,808
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.



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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Non-distributable			Retained earnings			
			Share Option reserve	Translation reserve	Fair value reserve				
Nine months to 30 September 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	-	-	-	-	-	33,764	33,764	1,425	35,189
Foreign currency translation differences for foreign operations	-	-	-	65	-	-	65	-	65
Share of other comprehensive income of associates	-	-	-	2,597	-	-	2,597	-	2,597
Total comprehensive income for the period	-	-	-	2,662	-	33,764	36,426	1,425	37,851
Contribution by and distribution to owners of the Company									
- Effect on Issue of shares of subsidiaries	-	-	-	-	-	(1,735)	(1,735)	2,411	676
- Dividends to owners of the Company	-	-	-	-	-	(8,790)	(8,790)	-	(8,790)
- Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	(980)	(980)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	-	-	(10,525)	(10,525)	1,431	(9,094)
Total transaction with owners of the Company	-	-	-	38	-	(2,657)	(2,619)	2,177	(442)
Total transaction with owners of the Company	-	-	-	38	-	(13,182)	(13,144)	3,608	(9,536)
Balance as at 30 September 2019	354,322	5,691	831	436	(734)	117,332	477,878	(4,202)	473,676



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

In RM'000	Attributable to Owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Share Option reserve	Translation reserve	Fair value reserve	Retained earnings			
Nine months to 30 September 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	-	-	-	-	-	35,044	35,044	13,059	48,103
Foreign currency translation differences for foreign Operations	-	-	-	99	-	-	99	-	99
Share of other comprehensive income of associates	-	-	-	4,214	-	-	4,214	-	4,214
Fair value change in other investment	-	-	-	-	(221)	-	(221)	-	(221)
Total comprehensive income for the period	-	-	-	4,313	(221)	35,044	39,136	13,059	52,195
Contribution by and distribution to owners of the Company									
- Effect of acquisition of subsidiary	-	-	-	-	-	-	-	(23,552)	(23,552)
- Effect of disposal of subsidiary	-	-	-	(74)	-	(7,185)	(7,259)	2,759	(4,500)
- Share options exercised	754	-	(154)	-	-	-	600	-	600
Total transaction with owners of the Company	754	-	(154)	(74)	-	(7,185)	(6,659)	(20,793)	(27,452)
Balance as at 30 September 2018	354,256	5,691	844	(1,911)	(248)	99,215	457,847	(10,282)	447,565

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



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V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

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

2 Significant accounting policies

The Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") for the financial 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.



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7 Debt and equity securities

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

8 Dividend

The Directors do not recommend the payment of any dividend for the period ended 30 September 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	161,475	41,671	-	-	203,146
Inter-segment revenue	2,915	-	-	(2,915)	-
Total revenue	164,390	41,671	-	(2,915)	203,146
Segment result					
Profit/(Loss) from operations	29,141	6,824	(12)	-	35,953
Depreciation & amortization	(4,048)	(9,554)	(55)	-	(13,657)
Finance costs	(1,636)	(12)	(1,135)	-	(2,783)
Finance income	134	-	-	-	134
Share of results in associates, net of tax	-	20,882	-	-	20,882
Profit before tax	23,591	18,140	(1,202)	-	40,529
Tax expense					(5,336)
Zakat					(4)
Net profit after tax					35,189
Attributable to:					
Owners of the Company					33,764
Non-controlling interests					1,425
Profit for the period					35,189
Segment assets	395,638	388,445	349,971	(501,352)	632,702
Segment liabilities	274,022	31,461	40,217	(186,674)	159,026



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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 September 2019 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 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 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000
Malaysian income tax				
- Current taxation	(3,157)	(3,220)	(8,628)	(7,482)
- Over/(Under) provision in prior year	1,843	(808)	1,843	(808)
Total current tax expense	(1,314)	(4,028)	(6,785)	(8,290)
Deferred tax expenses				
- Current period	483	622	1,449	1,871
Total deferred tax expenses	483	622	1,449	1,871
	(831)	(3,406)	(5,336)	(6,419)

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 September 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 30/9/2019 RM'000	Immediate preceding quarter 30/6/2019 RM'000	Variance %
Revenue	61,999	72,198	-14.1
- Information Technology ("IT")	45,075	59,076	-23.7
- Energy	16,924	13,122	+29.0
Profit before tax ("PBT")	9,462	14,752	-35.8
Information Technology ("IT")	3,558	9,498	-62.5
Energy	6,785	4,134	+64.1
Corporate, net of elimination	(881)	1,120	>-100.0

Revenue

The Group recorded lower revenue in current year quarter by 14.1% or RM10.2 million as compared to immediate preceding quarter.

System Integration & Consultancy business reported lower revenue in current year quarter by 33% (Q3, 2019: RM21.5 million; Q2, 2019: RM32.3 million). The lower revenue in current quarter was mainly due to:

- Completion of project on submarine cable installation and repair project in Indonesia in current quarter (Q3,2019: RM3.8 million; Q2,2019: RM5.7 million);
- Lower revenue from the development of the Integrated Government Finance & Management System ("iGFMAS") (Q3, 2019: RM12.3 million; Q2, 2019: RM22.0 million); and
- One-off revenue of RM4.7 million in immediate preceding quarter contributed by the Road to Makkah project, an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims.

However, the Group's trade facilitation and e-Commerce unit remain strong which shows a 6.3% revenue increase in its current year quarter (Q3, 2019: RM23.6 million; Q2, 2019: RM22.2 million). The current quarter shown a quarter-to- quarter increase in trade traffic volume of 3%.



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The Group's Energy division shows a 31.5% increase in its revenue, mainly contributed by Trading & Services (Q3, 2019: RM16.7 million; Q2, 2019: RM12.7 million). However, Drilling & Oilfield services continue to experience significant competitive pressure in an industry's slow recovery in oil & gas activities.

Profit Before Tax ("PBT")

The Group recorded lower PBT of RM5.3 million in current year quarter was in line with lower revenue from the following projects:

- the submarine cable installation and repair project in Indonesia;
- the development and maintenance of the Integrated Government Finance & Management System ("IGFMAS") project; and
- the Road to Makkah project, an on-site facilitation and communications connectivity for Malaysian and Indonesian pilgrims,.

The Group's Energy segment recorded an improvement of RM2.6 million in PBT for the current year quarter as compared to immediate preceding quarter. The higher PBT in current quarter was mainly due to:

- Higher share of PBT from associate of RM1.0 million; and
- Higher PBT from Trading & Services unit of RM1.2 million, in associated with higher involvement in downstream oil & gas activities.

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

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

	Current year quarter 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Variance %
Revenue	61,999	63,312	-2.1
- Information Technology ("IT")	45,075	51,758	-12.9
- Energy	16,924	11,554	+46.5

The Group recorded lower quarter-to-quarter revenue of 12.9% or RM6.7 million in its IT segment, mainly due to lower revenue reported in System Integration & Consultancy business (Q3, 2019: RM21.5 million; Q3, 2018: RM29.7 million).

The Group's Energy division shows a 46.5% or RM5.4 million increase in its revenue, mainly contributed by Trading & Services (Q3, 2019: RM16.7 million; Q3, 2018: RM11.2 million).

	Current year quarter 30/9/2019 RM'000	Preceding year corresponding quarter 30/9/2018 RM'000	Variance %
Profit before tax ("PBT")	9,462	11,261	-16.0
- Information Technology ("IT")	3,558	6,949	-48.8
- Energy	6,785	3,995	+69.8
- Corporate, net of elimination	(881)	317	>-100

The Group's IT shows lower PBT of 49% (RM3.4 million) in current quarter was affected by the lower revenue reported in System Integration & Consultancy business. However, the Trade facilitation and e-Commerce remains strong with improved PBT of RM12% (Q3, 2019: RM6.7 million; Q3, 2018: RM6.0 million).

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



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	Current year quarter 30/9/2019 RM'mil	Preceding year corresponding quarter 30/9/2018 RM'mil
Trading & Services	3.2	2.0
Drilling & Oilfield Services	(1.3)	(1.9)
Upstream Exploration & Production	7.0	9.3
Power	-	(0.3)
Sub Total	8.9	9.1
Amortization of Intangible assets arising from consolidation	(2.1)	(1.5)
Impairment of goodwill on consolidation	-	(3.6)
Profit before tax ("PBT")	6.8	4.0

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

	Nine months to 30/9/2019		Nine months to 30/9/2018		Variance %
	RM'000	%	RM'000	%	
Revenue	203,146		185,602		+9.4
- Information Technology ("IT")	161,475	79	150,688	81	+7.1
- Energy	41,671	21	34,914	19	+19.3

The Group recorded a higher revenue of RM17.5 million in the current year-to-date as compare to the preceding year. The overall 9.4% higher revenue was mainly due to:

- Work done on submarine cable installation and repair project in Indonesia of RM8.0 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 RM3.9 million for the development and maintenance of the Integrated Government Finance & Management System ("iGFMAS") (YTD, 2019: RM57.8 million; YTD, 2018: RM53.9 million); and
- Partly offset by revenue reduction in trade facilitation and e-Commerce business of RM2.7 million (YTD, 2019: RM67.1 million; YTD, 2018: RM69.8 million). The overall year-to-date trade traffic volume dropped by 16% affected by economic slowdown in line with global trends.

The Group's Energy division shows a 19.3% increase in its revenue, mainly contributed by Trading & Services (YTD 2019: RM40.2 million; YTD 2018: RM34.4 million). The Drilling & Oilfield services continue to experience significant competitive pressure in an industry's slow recovery in oil & gas activities.



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	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000	Variance %
Profit before tax ("PBT")	40,529	54,525	-25.7
- Information Technology ("IT")	23,591	39,082	-39.6
- Energy	18,140	14,432	+25.7
- Corporate, net of elimination	(1,202)	1,011	>-100

Included in the Group's PBT for the nine (9) months ended 30 September 2018 was a post-acquisition PBT of RM21.2 million (RM0.2 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 31% (RM 5.5 million) for the nine (9) months period ended 30 September 2019. The increase mainly contributed by:

- Trade facilitation and e-Commerce recorded higher PBT by RM1.7 million in current year (YTD, 2019: RM21.7 million; YTD, 2018: RM20.0 million); and
- Improving in System Integration & Consultancy business (exclusive of Genaxis Group) with incremental PBT growth of RM3.8 million (YTD, 2019: RM1.7 million; YTD, 2018: -RM2.1 million)

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

	YTD 30/9/2019 RM'mil	YTD 30/9/2018 RM'mil
Trading & Services	6.6	4.4
Drilling & Oilfield Services	(2.9)	(1.5)
Upstream Exploration & Production	20.9	22.0
Power	-	(1.5)
Sub Total	24.6	23.4
Amortization of Intangible assets arising from consolidation	(6.5)	(5.4)
Impairment of goodwill on consolidation	-	(3.6)
Profit before tax ("PBT")	18.1	14.4

21 Prospects for 2019

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, includes consolidation of existing business operations.

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 30/9/2019 '000	Preceding year corresponding quarter 30/9/2018 '000	Nine months to 30/9/2019 '000	Nine months to 30/9/2018 '000
Profit attributable to the Owners of the Company (RM)	9,482	6,648	33,764	35,044
Number of ordinary shares at beginning of the period	1,758,036	1,757,639	1,758,036	1,755,372
- Effect of shares issue pursuant to exercise of ESOS	-	130	-	1,737
Weighted average number of ordinary shares	1,758,036	1,757,769	1,758,036	1,757,109
Basic earnings per share (sen)	0.54	0.38	1.92	1.99

Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2019 '000	Preceding year corresponding quarter 30/9/2018 '000	Nine months to 30/9/2019 '000	Nine months to 30/9/2018 '000
Profit attributable to the Owners of the Company (RM)	9,482	6,648	33,764	35,044
Weighted average number of ordinary shares as per basic earnings per share	1,758,036	1,757,769	1,758,036	1,757,109
Effect of potential exercise of ESOS	3,674	4,803	3,767	4,921
Weighted average number of ordinary shares	1,761,710	1,762,572	1,761,803	1,762,030
Diluted earnings per share (sen)	0.53	0.37	1.91	1.98

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
18 November 2019

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