



DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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THE FIGURES HAVE NOT BEEN AUDITED

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Revenue	63,328	87,340	239,520	290,486
Cost of sales	(42,627)	(57,255)	(153,517)	(173,109)
Gross profit	20,701	30,085	86,003	117,377
Other income	629	(255)	2,402	4,785
Expenses	(1,449)	(18,456)	(97,972)	(88,358)
Finance cost	(926)	(1,702)	(4,014)	(4,485)
Share of result of associates, net of tax	6	(2,624)	9,327	18,258
Profit/(Loss) before income tax	18,961	7,048	(4,254)	47,577
Income tax expense (Note 14)	(6,400)	(6,293)	(4,620)	(11,629)
Zakat	(199)	(447)	(204)	(451)
Profit/(Loss) for the period	12,362	308	(9,078)	35,497
Loss/(Profit) attributable to non-controlling interest	2,738	(4,035)	10,174	(5,460)
Profit/(Loss) attributable to owners of the Company	15,100	(3,727)	1,096	30,037
Earnings per share				
Basic	0.79 sen	(0.21) sen	0.06 sen	1.71 sen
Diluted	0.79 sen	(0.21) sen	0.06 sen	1.70 sen



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Other comprehensive income for the period, net of tax Items that are or may be reclassified subsequently to profit or loss				
Profit/(Loss) for the period	12,362	308	(9,078)	35,497
Foreign currency translation differences for foreign operations	1,631	(90)	(1,086)	(25)
Share of other comprehensive loss of associate	(7,702)	(5,040)	(4,393)	(2,443)
Total other comprehensive loss for the period, net of tax	(6,071)	(5,130)	(5,479)	(2,468)
Total comprehensive income/(loss)	6,291	(4,822)	(14,557)	33,029
Total comprehensive income/(loss) attributable to non-controlling interest	2,738	(4,035)	10,174	(5,460)
Total comprehensive income/(loss) attributable to owners of the Company	9,029	(8,857)	(4,383)	27,569



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
(Loss)/Profit before income tax is arrived at after charging/(crediting):				
Interest income	(168)	(104)	(451)	(238)
Gain on disposal of property, plant and equipment	(207)	-	(721)	(83)
Loss on disposal of investment in a subsidiary	-	-	833	-
Loss/(Gain) on disposal of other investments	-	320	-	(144)
Impairment loss on:				
- Receivables	875	1,251	5,763	1,520
- Other investments	-	-	3,700	-
- Property, plant and equipment	-	-	9,549	-
- Intangible assets	153	-	17,962	-
Interest expense	926	1,702	4,014	4,485
Depreciation and amortization	7,193	7,895	21,260	21,552
Foreign exchange loss/ (gain)	199	393	(275)	39
Reversal of impairment loss				
- Intangible assets	(17,809)	-	(17,809)	-

As announced on 15 February 2021, the financial year end of the Group has been changed from 31 December to 30 June. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.

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 2019.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	136,722	68,299
Right-of-use assets	819	5,356
Investment in associates	221,047	216,112
Other investments	4,117	3,538
Goodwill	60,220	60,220
Intangible assets	28,919	41,921
Deferred tax assets	-	2,340
	<hr/>	<hr/>
	451,844	397,786
Current assets		
Inventories	2,744	1,316
Contract assets	78,195	83,447
Trade and other receivables	67,261	91,003
Current tax assets	3,745	1,086
Cash and cash equivalents	66,191	54,399
	<hr/>	<hr/>
	218,136	231,251
Total assets	<hr/> 669,980	<hr/> 629,037
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	381,842	354,339
Warrant reserve	5,691	5,691
Share Option reserve	827	827
Translation reserve	(10,175)	(4,696)
Fair value reserve	(734)	(734)
Retained earnings	115,427	114,331
	<hr/>	<hr/>
	492,878	469,758
Non-controlling Interests	(11,434)	(4,392)
Total equity	<hr/> 481,444	<hr/> 465,366
Non-current liabilities		
Deferred tax liabilities	3,628	7,706
Loan and borrowings (secured)	17,671	18,854
Lease liabilities	196	2,914
	<hr/>	<hr/>
	21,495	29,474
Current liabilities		
Contract liabilities	1,442	5,317
Trade and other payables	59,306	76,265
Loan and borrowings (secured)	105,307	47,415
Lease liabilities	898	2,913
Current tax liabilities	88	2,287
	<hr/>	<hr/>
	167,041	134,197
Total liabilities	<hr/> 188,536	<hr/> 163,671
Total equity and liabilities	<hr/> 669,980	<hr/> 629,037
Net assets per share attributable to Owners of the Company (RM)	<hr/> 0.26	<hr/> 0.27

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Twelve months to 31/12/2020 RM'000	Audited Twelve months to 31/12/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividend from investees	-	693
Cash receipts from customers	258,927	320,787
Cash payments to suppliers	(128,629)	(190,363)
Cash payments to employees and other expenses	(115,144)	(105,420)
	15,154	25,697
Cash generated from/(used in) operations	15,154	25,697
Income tax paid (net)	(10,010)	(15,461)
Zakat	(177)	(462)
	4,967	9,774
Net cash generated from operating activities	4,967	9,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(72,747)	(10,784)
Proceeds from disposal of property, plant and equipment	331	12,776
Interest received	451	238
Acquisition of investments	-	(83)
Disposal of a subsidiary	(3)	-
Increase in investment in a subsidiary by non-controlling interest	-	1,200
	(71,968)	3,347
Net cash (used in)/generated from investing activities	(71,968)	3,347
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share options exercised	-	13
Proceeds from issuance of ordinary shares	30,636	196
Drawdown/(Repayment) of bank borrowings (net)	55,316	15,409
Dividend paid to owners of the Company	-	(8,790)
Dividend paid by a subsidiary to non-controlling interests	-	(980)
Payment of finance cost	(5,388)	(3,880)
Payment of lease liabilities	(3,109)	(3,377)
Increase in pledged deposits and restricted cash	(4,476)	(3,990)
	72,979	(5,399)
Net cash generated from/(used in) financing activities	72,979	(5,399)
Net Change in Cash and Cash Equivalents	5,978	7,722
Cash and Cash Equivalents as at beginning of financial period	27,392	19,670
	33,370	27,392
Cash and Cash Equivalents as at end of financial period	(a) 33,370	27,392
	33,370	27,392

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

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Cash and deposits with licensed banks		
- Unrestricted	45,435	38,119
- Restricted and pledged	20,756	16,280
	66,191	54,399
Less : Cash and cash equivalents pledged as security	(20,756)	(16,280)
Less : Bank overdrafts	(12,065)	(10,727)
	33,370	27,392
Cash and Cash Equivalents as at end of financial period	33,370	27,392

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.



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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				
Twelve months to 31 December 2020									
Balance as at 1 January 2020	354,339	5,691	827	(4,696)	(734)	114,331	469,758	(4,392)	465,366
Profit for the period	-	-	-	-	-	1,096	1,096	(10,174)	(9,078)
Foreign currency translation differences for foreign operations	-	-	-	(1,086)	-	-	(1,086)	-	(1,086)
Share of other comprehensive income of associates	-	-	-	(4,393)	-	-	(4,393)	-	(4,393)
Total comprehensive loss for the period	-	-	-	(5,479)	-	1,096	(4,383)	(10,174)	(14,557)
Contribution by and distribution to owners of the Company									
- Effect on Issuance of Private Placement	27,503	-	-	-	-	-	27,503	-	27,503
- Effect on Issue of shares to non-controlling interests	-	-	-	-	-	-	-	3,132	3,132
Total transaction with owners of the Company	27,503	-	-	-	-	-	27,503	3,132	30,635
Balance as at 31 December 2020	381,842	5,691	827	(10,175)	(734)	115,427	492,878	(11,434)	481,444

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

In RM'000	← Attributable to Owners of the Company →					Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Non-distributable		Fair value reserve				
	Share capital	Warrant reserve	Share Option reserve	Translation Reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Twelve months to 31 December 2019									
Balance as at 1 January 2019	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510
Adjustment on initial application of MFRS16, net of tax	-	-	-	-	-	(115)	(115)	-	(115)
Balance as at 1 January 2019, restated	354,322	5,691	831	(2,264)	(734)	96,635	454,481	(13,086)	441,395
Profit for the period	-	-	-	-	-	30,037	30,037	5,460	35,497
Foreign currency translation differences for foreign Operations	-	-	-	(25)	-	-	(25)	-	(25)
Share of other comprehensive income of associates	-	-	-	(2,443)	-	-	(2,443)	-	(2,443)
Total comprehensive income for the period	-	-	-	(2,468)	-	30,037	27,569	5,460	33,029
Contribution by and distribution to owners of the Company									
- Effect on Issue of shares to non-controlling interests	-	-	-	-	-	-	-	699	699
- Effect on Issue of bonus shares of a subsidiary to non-controlling interests	-	-	-	-	-	(1,735)	(1,735)	1,735	-
- Share options exercises	17	-	(4)	-	-	-	13	-	13
- Dividends to owners of the Company	-	-	-	-	-	(8,790)	(8,790)	-	(8,790)
- Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	(980)	(980)
	17	-	(4)	-	-	(10,525)	(10,512)	1,454	(9,058)
Changes in subsidiaries' ownership interests that do not results in a loss of control	-	-	-	36	-	(1,816)	(1,780)	1,780	-
Total transaction with owners of the Company	17	-	(4)	36	-	(12,341)	(12,292)	3,234	(9,058)
Balance as at 31 December 2019	354,339	5,691	827	(4,696)	(734)	114,331	469,758	(4,392)	465,366

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 2019.



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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 31 December 2020, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities 65 ("**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 2019.

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 2020:-

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

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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 2019 financial statements

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

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 31 December 2020.



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8 Dividend

The Directors do not recommend the payment of any dividend for the period ended 31 December 2020 (2019: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
2020					
Business segments					
Revenue from external Customers	165,696	73,824	-	-	239,520
Inter-segment revenue	1,769	-	-	(1,769)	-
Total revenue	167,465	73,824	-	(1,769)	239,520
Segment result					
Profit from operations	21,406	6,478	3,356	-	31,240
Depreciation & amortization	(8,962)	(12,235)	(63)	-	(21,260)
Impairment loss on:					
- Receivables	(4,049)	(1,655)	(59)	-	(5,763)
- Other investments	-	(3,700)	-	-	(3,700)
- Property, plant and equipment	-	(9,549)	-	-	(9,549)
- Intangible assets (net)	(153)	-	-	-	(153)
Loss of disposal of a subsidiary	(833)	-	-	-	(833)
Finance costs	(2,446)	(115)	(1,453)	-	(4,014)
Finance income	441	10	-	-	451
Share of results in associates, net of tax	6	9,321	-	-	9,327
Profit/(Loss) before tax	5,410	(11,445)	1,781	-	(4,254)
Tax expense					(4,620)
Zakat					(204)
Net loss after tax					(9,078)
Net loss attributable to non-controlling interest					10,174
Net profit attributable to owners of the Company					1,096
Segment assets	471,783	357,890	334,377	(494,070)	669,980
Segment liabilities	374,889	32,566	33,937	(252,856)	188,536



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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 31 December 2020 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2020.

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

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

13 Capital commitments

There are no material capital commitments as at the date of this announcement other than capital commitments on Property, Plant and Equipment, authorised and contracted of RM16.7million as of 31 December 2020.



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14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Malaysian income tax				
- Current taxation	(3,158)	(6,776)	(6,510)	(15,404)
- Over provision in prior year	299	-	169	1,843
Total current tax expense	(2,859)	(6,776)	(6,341)	(13,561)
Deferred tax expenses				
- Current period	(3,277)	483	1,947	1,932
- Under provision in prior year	(264)	-	(226)	-
Total deferred tax expenses	(3,541)	483	1,721	1,932
	(6,400)	(6,293)	(4,620)	(11,629)

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.

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

There are no announced corporate proposals that are not completed as at the date of this report, other than disclosed below:

- (a) The Company had on 28 July 2020 announced that the Company proposes to undertake a private placement of up to 20% of the total number of issued shares of the Company to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").

On 12 August 2020, the Company announced that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad, the listing application was subsequently approved by Bursa Malaysia on 17 August 2020.

- The Company had on 28 October 2020 announced 10,000,000 Placement Shares were placed out at price of RM0.1701 per placement share for total gross proceeds of RM1,701,000 and were subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 30 October 2020.
- The Company announced that an additional 140,000,000 Placement Shares were placed out at price of RM0.1843 per placement share for total gross proceeds of RM25,802,000 and quoted on the Main Market of Bursa Malaysia Securities Berhad on 24 November 2020;
- The Company announced that an additional 80,000,000 Placement Shares were placed out at price of RM0.201 per placement share for total gross proceeds of RM16,080,000 and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 February 2021; and
- The Company announced that an additional 167,618,000 Placement Shares were placed out at price of RM0.30 per placement share for total gross proceeds of RM50,285,400 and quoted on the Main Market of Bursa Malaysia Securities Berhad on 16 February 2021.

The total gross proceeds raised from 397,618,000 Placement Shares was amounting to RM93,868,400.



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- (b) On 22 January 2021, the Company entered into a share sale and purchase agreement (“SSPA”) with a group of Vendors for the proposed acquisition of the 60% issued share capital in Ping Petroleum Limited (“Ping”) for a purchase consideration of USD78,000,000 (“Proposed Acquisition”).

Ping is a 30% owned indirect associate company of DNeX through DNeX Energy Sdn Bhd (“DNeX Energy”), the Company’s wholly owned subsidiary. The Proposed Acquisition will be satisfied by a combination of USD40.95 million (RM165.0 million) in cash, and the issuance of new ordinary shares in DNeX and new redeemable preference shares in DNeX Energy, for the remaining USD37.05 million (RM149.3 million).

The Proposed Acquisition is subject to all required approvals under the SSPA being obtained. Upon completion of the exercise, DNeX will own 90 per cent of Ping,

A detailed announcement has been announced on Bursa Malaysia Securities Berhad upon execution of the SPA pursuant to the Proposed Acquisition on 22 January 2021.

- (c) The Company had on 8 February 2021 announced that the Company proposed to undertake the following:
- (i) termination of the existing Employees’ Share Option Scheme (“ESOS”); and
 - (ii) an establishment of the Company’s new ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time over the duration of the new ESOS, for eligible persons (“New ESOS Scheme”).

The proposed New ESOS Scheme is subject to approval of the shareholders in the Extraordinary General Meeting to be convened.

- (d) The Company had on 8 February 2021 announced that Khazanah Nasional Berhad (“Khazanah”), informed the Company and its strategic partner (“Consortium”) that it has accepted the bid by the Consortium led by DNeX for the proposed sale of the entire issued share capital of SilTerra by Khazanah, subject to the signing of a definitive agreement.

16 The status of utilization of proceeds raised from the Private Placement

Details of utilization	Proposed Utilization RM’000	Actual Utilization RM’000	Balanced Unutilised RM’000	Intended Timeframe For Utilization From the Receipt Of Placement Funds
Future viable investment	68,768	-	68,768	Within 24 months
Partial repayment of bank borrowings	20,000	20,000	-	Within 6 months
Working capital	5,000	1,992	3,008	Within 12 months
Estimated expenses	100	48	52	Upon completion
	93,868	22,040	71,828	

17 Derivatives

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

18 Classification of financial assets

For period ended 31 December 2020, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.



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19 Material litigation

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

20 Comparison between the current quarter and the immediate preceding quarter

	Current year quarter 31/12/2020 RM'000	Immediate preceding quarter 30/9/2020 RM'000	Variance %
Revenue	63,328	50,499	+25.4
- Information Technology ("IT")	46,229	32,500	+42.2
- Energy	17,099	17,999	-5.0
Profit before tax	18,961	180	+>100.0
- IT	4,242	(534)	+>100.0
- Energy	14,848	204	+>100.0
- Corporate	(129)	510	->100.0

Revenue

The Group reported an improvement in revenue of RM12.8 million (25.4%) in current quarter as compared to immediate preceding quarter largely contributed by Group's Information Technology segment.

Information Technology Segment

The System Integration & Consultancy business reported an increase in revenue of RM13.7 million in (Q4, 2020: RM46.2 million; Q3, 2020: RM32.5 million) in current quarter.

The Group's Trade Facilitation & e-Commerce business remain stable despite the imposition of second Movement Control Order by the Malaysian Government. It has shown a quarter-to quarter increase in trade transaction volume of 8.6% with a marginal increase in revenue of RM1.0 million in current reporting quarter (Q4, 2020: RM23.7 million, Q3, 2020: RM22.7 million).

Energy Segment

In overall, Group Energy segment reported a reduction of RM0.9 million in revenue as compared to immediate preceding quarter (RM17.1 million in Q4, 2020; RM18.0 million in Q3, 2020) mainly caused by lower progress billings, the imposition of second movement control order has slowdown project implementation.



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Profit/(Loss) Before Tax

	Current year Quarter 31/12/2020 Operating Profit/(Loss) RM'000	Net effect On One-off Reversal of Impairment Loss RM'000	Current year Quarter 31/12/2020 Profit Before Tax RM'000
Profit/(Loss) before tax	5,440	13,521	18,961
- IT	4,242	-	4,242
- Energy	1,327	13,521	14,848
- Corporate	(129)	-	(129)

	Immediate preceding quarter 30/9/2020 Operating Profit/(Loss) RM'000	One-off Impairment Loss RM'000	Immediate preceding quarter 30/9/2020 Profit Before Tax RM'000
Profit/(Loss) before tax	4,826	(4,646)	180
- IT	245	(779)	(534)
- Energy	4,071	(3,867)	204
- Corporate	510	-	510

The Group reported an operating profit of RM5.4 million in current quarter (RM4.8 million operating profit in Q3, 2020).

The overall improvement in operating profit was mainly contributed by higher revenue recognized in Information Technology segment. However, the current quarter profit of Energy segment is affected by lower share of result from an associate due to the latest uplift of its oil produce was postponed to January 2021 (RM0.01 million in Q4, 2020; RM3.0 million in Q3, 2020).

The reversal of impairment loss of RM13.5 million (net of amortization charge of RM4.3 million) is in relation to the intangible assets arising from the acquisitions through business combination of a cash generating unit in the Group's Energy division. This reversal was done in view of the improved oil price and positive outlook in Oil and Gas Industry.

The Group determines whether its intangible assets and other assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country.



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

(a) Quarter ended 31 December 2020 compared with quarter ended 31 December 2019

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Variance %
Revenue	63,328	87,340	-27.5
- IT	46,229	68,868	-32.9
- Energy	17,099	18,472	-7.4

Lower quarter-to-quarter revenue of RM24.0 million (27.5%) was reported in IT segment, mainly due to:

- Overall lower revenue of RM1.0 million in current year quarter for trade facilitation & e-Commerce business (RM23.7 million in Q4, 2020; RM24.7 million in Q4, 2019);
- One-off submarine cable laying and maintenance contract in Indonesia was successfully completed in 2019 (RM Nil in Q4, 2020; RM2.7 million in Q4, 2019). The Group has announced, it has through a consortium formed between business unit PT DNeX Telco Indonesia ("PT DTI") and PT Samudera Mbiantu Sesami ("PT SMS"), signed a Consortium Agreement with PT Infrastruktur Telekomunikasi Indonesia ("TelkomInfra") for the deployment, management, maintenance and repair as well as other value added works for the Maintenance Support Sistem Komunikasi Kabel Laut within and outside of Indonesia; and
- Lower progress billing in System Integration & Consultancy business (RM22.5 million in Q4.2020; RM44.2 million in Q4,2019), due to completion of iGFMAS related maintenance work in August 2020.

The performance of the Group's Energy division in current quarter remains affected by the lower oil price, it had a negative impact on the Oil & Gas industry.

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Variance %
Profit before tax	18,961	7,048	>+100.0
- IT	4,242	9,071	>-53.1
- Energy	14,848	(3,756)	>+100.0
- Corporate	(129)	1,733	>-100.0

The Group reported a profit before tax of RM19.0 million in current quarter, an increase of RM11.9 million as compared to the Q4, 2019 was mainly attributable to:

- The Group reported an operating profit of RM5.4 million in current quarter (RM7.1 million operating profit in Q4, 2019); and
- Reversal of non-cash impairment loss on intangible assets totaling RM13.5 million (net of amortization charge of RM4.3 million).

The Management will continue to pursue cost optimization activities within the Group to drive operational efficiency and achieve earnings sustainability.



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The Energy segment PBT breakdown by business segment is detailed as follows:

	Current year quarter 31/12/2020 RM'mil	Preceding year corresponding quarter 31/12/2019 RM'mil
Trading & Services	1.5	2.6
Drilling Technology & Oilfield Services	(0.2)	(1.6)
Upstream Exploration & Production	-	(2.6)
Sub Total	1.3	(1.6)
Reversal of Impairment loss (net of amortization charge of RM4.3 million)	13.5	-
Amortization of intangible assets arising from consolidation	-	(2.1)
Profit/(Loss) before tax	14.8	(3.7)

(b) Year-to-date ended 31 December 2020 compared with year-to-date ended 31 December 2019

	Twelve months to 31/12/2020		Twelve months to 31/12/2019		Variance %
	RM'000	%	RM'000	%	
Revenue	239,520		290,486		-17.5
- IT	165,696	69	230,343	79	-28.1
- Energy	73,824	31	60,143	21	+22.7

Information Technology Segment

The Group's IT recorded a reduction in revenue of RM64.6 million (28.1%) in the past 12 months in 2020 as compared to the preceding year. The overall lower revenue was mainly due to:

- Lower progress billing of RM44.8 million for the development and maintenance of the iGFMS (RM37.2 million in 2020; RM82.0 million in 2019). The development work and maintenance of iGFMS is at the completion stage, the reduction in iGFMS revenue in current period was partly mitigated by work done for Lembaga Hasil Dalam Negeri Malaysia of RM12.2 million (RM RM3.8 million in 2019);
- Work done on submarine cable installation and repair project in Indonesia of RM19.8 million in preceding year; and
- Reduction of revenue in trade facilitation and e-Commerce business of RM10.1 million (RM86.4 million in 2020; RM96.5 million in 2019). The overall year-to-date trade traffic volume dropped by 2.5% affected by economic slowdown due to Covid-19 pandemic.

Energy Segment

The Group's Energy division shows a 22.7% increase in its revenue, which was mainly contributed by Trading & Services unit (RM66.9 million in 2020; RM58.4 million in 2019). The Drilling & Oilfield services continue to experience significant competitive pressure in an industry's slow recovery in oil & gas activities.



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	Twelve months Operating Profit RM'000	One-off Impairment Loss RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Profit/(Loss) before tax for period ended 31 December	14,911	(19,165)	(4,254)	47,577
- IT	9,612	(4,202)	5,410	32,662
- Energy	3,459	(14,904)	(11,445)	14,384
- Corporate	1,840	(59)	1,781	531

The current period performance was affected by one-off non-cash impairment loss of RM19.2 million detailed as set out below: -

- other investment in unquoted shares of RM3.7 million;
- receivables and contract assets of RM5.8 million;
- property, plant and equipment of RM9.5 million; and
- intangible assets of RM0.2 million.

The Group reported an operating profit of RM14.9 million in current reporting period (RM47.6 million in 2019). The reduction in operating profit was in line with lower revenue recognition and lower share of the result of an associate of RM8.9 million, resulted from postponement of its latest uplift to January 2021 in anticipating higher oil price.

22 Prospects for 2021

The Group plans to continue growth by exploring opportunities that would add value to the existing building blocks available within both Information Technology and Energy Segments focusing on the implementation of planned new initiatives targeted to develop sustainable revenue lines.

The Group plans to position itself well in view of the recent announcement by the Government on MyDIGITAL, Malaysia Digital Economy Blueprint, and will build core capabilities to support the MyDIGITAL program.

With the rise in oil prices supported by market optimism that Covid-19 vaccines will revive the global economy and barring any unforeseen circumstances, the Group expect to deliver positive results for the financial year 2021.

23 Variance for actual and forecast profit

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



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24 Earnings per share

Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 '000	Preceding year corresponding quarter 31/12/2019 '000	Twelve months to 31/12/2020 '000	Twelve months to 31/12/2019 '000
Profit/(Loss) attributable to the Owners of the Company (RM)	15,100	(3,727)	1,096	30,037
Number of ordinary shares at beginning of the period	1,908,090	1,758,035	1,908,090	1,758,035
- Effect of shares issue pursuant to exercise of ESOS	-	25	-	6
Weighted average number of ordinary shares	1,908,090	1,758,060	1,908,090	1,758,041
Basic earnings per share (sen)	0.79	(0.21)	0.06	1.71

Diluted earnings per share

Diluted earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 '000	Preceding year corresponding quarter 31/12/2019 '000	Twelve months to 31/12/2020 '000	Twelve months to 31/12/2019 '000
Profit/(Loss) attributable to the Owners of the Company (RM)	15,100	(3,727)	1,096	30,037
Weighted average number of ordinary shares as per basic earnings per share	1,908,090	1,758,060	1,908,090	1,758,041
Effect of potential exercise of ESOS	-	357	-	1,197
Weighted average number of ordinary shares	1,908,090	1,758,417	1,908,090	1,759,238
Diluted earnings per share (sen)	0.79	(0.21)	0.06	1.70

The potential conversion of Warrants and exercise of ESOS have been ignored in the calculation of dilutive earnings per ordinary share, as the conversion price of Warrants and exercise price of ESOS are higher than the average market price of the Company's ordinary shares during the current financial period.

25 Authorisation for issue

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

Kuala Lumpur
25 February 2021

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