



DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2021

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THE FIGURES HAVE NOT BEEN AUDITED

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

	INDIVIDUAL QUARTER	PRECEDING YEAR	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Current year quarter 30/6/2021 RM'000	corresponding quarter 30/6/2020 RM'000	Eighteen months to 30/6/2021 RM'000	Eighteen months to 30/6/2020 RM'000
Revenue	45,899	N/A	330,503	N/A
Cost of sales	(27,469)	N/A	(205,438)	N/A
Gross profit	18,430	N/A	125,065	N/A
Other income	835	N/A	4,135	N/A
Expenses	(181,019)	N/A	(300,914)	N/A
Finance cost	(1,482)	N/A	(6,295)	N/A
Effect from business combination	273,746	N/A	273,746	N/A
Share of result of associates, net of tax	(29,158)	N/A	(18,331)	N/A
Profit before income tax	81,352	N/A	77,406	N/A
Income tax expense (Note 15)	(1,374)	N/A	(8,569)	N/A
Zakat	-	N/A	(204)	N/A
Profit for the period	79,978	N/A	68,633	N/A
Loss attributable to non-controlling interest	36,750	N/A	51,343	N/A
Profit attributable to owners of the Company	116,728	N/A	119,976	N/A
Earnings per share				
Basic	4.93 sen	N/A sen	6.24 sen	N/A sen
Diluted	4.93 sen	N/A sen	6.24 sen	N/A 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 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Eighteen months to 30/6/2021 RM'000	Eighteen months to 30/6/2020 RM'000
Other comprehensive income for the period, net of tax Items that are or may be reclassified subsequently to profit or loss				
Profit for the period	79,978	N/A	68,633	N/A
Foreign currency translation differences for foreign operations	119	N/A	(41)	N/A
Share of other comprehensive income of associate	1,295	N/A	4,426	N/A
Total other comprehensive income for the period, net of tax	1,414	N/A	4,385	N/A
Total comprehensive income	81,392	N/A	73,018	N/A
Total comprehensive loss attributable to non-controlling interest	36,750	N/A	51,343	N/A
Total comprehensive income attributable to owners of the Company	118,142	N/A	124,361	N/A

There is no comparative for the quarter ended 30 June 2021, due to the change in the financial year end from 31 December to 30 June. The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current quarter ended 30 June 2021, being the sixth quarter of the financial period ended 30 June 2021.



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Eighteen months to 30/6/2021 RM'000	Eighteen months to 30/6/2020 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(760)	N/A	(1,382)	N/A
Gain on disposal of property, plant and equipment	(12)	N/A	(733)	N/A
Loss on disposal of a subsidiary	-	N/A	833	N/A
Impairment loss on:				
- Receivables	41,961	N/A	48,032	N/A
- Other investments	4,117	N/A	7,817	N/A
- Property, plant and equipment	11,228	N/A	20,777	N/A
- Intangible assets	18,148	N/A	18,301	N/A
- Goodwill	60,220	N/A	60,220	N/A
Inventories written down	59	N/A	59	N/A
Interest expense	1,482	N/A	6,295	N/A
Depreciation and amortisation	7,566	N/A	33,715	N/A
Foreign exchange gain	(314)	N/A	(95)	N/A

There is no comparative for the quarter ended 30 June 2021, due to the change in the financial year end from 31 December to 30 June. The Condensed Consolidated Statement of Comprehensive Income for the current quarter ended 30 June 2021, being the sixth quarter of the financial year ended 30 June 2021.

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 30/6/2021 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	655,303	68,299
Right-of-use assets	545	5,356
Investment in associates and joint operations	96	216,112
Other investments	-	3,538
Goodwill	-	60,220
Intangible assets	978,988	41,921
Deferred tax assets	1,293	2,340
Cash and cash equivalents (restricted)	125,465	-
	<u>1,761,690</u>	<u>397,786</u>
Current assets		
Inventories	15,370	1,316
Contract assets	40,537	83,447
Trade and other receivables	88,647	91,003
Lease receivables	253	-
Current tax assets	5,571	1,086
Cash and cash equivalents	267,680	54,399
	<u>418,058</u>	<u>231,251</u>
Total assets	<u>2,179,748</u>	<u>629,037</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	785,437	354,339
Warrant reserve	3,001	5,691
Share option reserve	2,143	827
Translation reserve	(311)	(4,696)
Fair value reserve	(734)	(734)
Retained earnings	233,400	114,331
	<u>1,022,936</u>	<u>469,758</u>
Non-controlling Interests	30,551	(4,392)
Total equity	<u>1,053,487</u>	<u>465,366</u>
Non-current liabilities		
Deferred tax liabilities	422,900	7,706
Loan and borrowings (secured)	16,007	18,854
Lease liabilities	174	2,914
Long term obligations and provision	456,928	-
	<u>896,009</u>	<u>29,474</u>
Current liabilities		
Contract liabilities	1,816	5,317
Trade and other payables	128,519	76,265
Loan and borrowings (secured)	70,373	47,415
Lease liabilities	557	2,913
Current tax liabilities	28,987	2,287
	<u>230,252</u>	<u>134,197</u>
Total liabilities	<u>1,126,261</u>	<u>163,671</u>
Total equity and liabilities	<u>2,179,748</u>	<u>629,037</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.39</u>	<u>0.26</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 2019.

Quarterly Report On Consolidated Results For The Sixth Quarter Ended 30 June 2021

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Eighteen months to 30/6/2021 RM'000	Unaudited Eighteen months to 30/6/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	364,415	N/A
Cash payments to suppliers	(194,935)	N/A
Cash payments to employees and other expenses	(132,951)	N/A
	<hr/>	<hr/>
Cash generated from operations	36,529	N/A
Income tax paid (net)	(18,029)	N/A
Zakat	(134)	N/A
	<hr/>	<hr/>
Net cash generated from operating activities	18,366	N/A
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(101,382)	N/A
Proceeds from disposal of property, plant and equipment	294	N/A
Interest received	1,383	N/A
Acquisition of subsidiary	138,789	N/A
Deposit for acquisition of investment	(16,380)	N/A
Disposal of a subsidiary	(3)	N/A
Increase in investment in subsidiaries by non controlling interests	3,133	N/A
	<hr/>	<hr/>
Net cash generated from investing activities	25,834	N/A
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share options exercised	1,584	N/A
Proceeds from warrant conversion	168,129	N/A
Proceeds from issuance of ordinary shares	116,170	N/A
Drawdown of bank borrowings (net)	27,900	N/A
Payment of finance cost	(8,267)	N/A
Payment of lease liabilities	(3,181)	N/A
Increase in pledged deposits and restricted cash	(121,424)	N/A
	<hr/>	<hr/>
Net cash generated from financing activities	180,911	N/A
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	225,111	N/A
Cash and Cash Equivalents as at beginning of financial period	27,392	N/A
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	(a) 252,503	N/A
	<hr/>	<hr/>

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

	As at 30/6/2021 RM'000	As at 30/6/2020 RM'000
Cash and deposits with licensed banks		
- Unrestricted	255,441	N/A
- Restricted and pledged	137,704	N/A
	<hr/>	<hr/>
	393,145	N/A
Less : Cash and cash equivalents pledged as security	(137,704)	N/A
Less : Bank overdrafts	(2,938)	N/A
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	252,503	N/A
	<hr/>	<hr/>

There is no comparative for the quarter ended 30 June 2021, due to the change in the financial year end from 31 December to 30 June. The Condensed Consolidated Statement of Cash Flows for the current quarter ended 30 June 2021, being the sixth quarter of the financial period ended 30 June 2021.

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	Share Option reserve	Translation reserve	Fair value reserve	Retained earnings			
Eighteen months to 30 June 2021									
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	-	-	-	-	-	119,976	119,976	(51,343)	68,633
Foreign currency translation differences for foreign operations	-	-	-	(41)	-	-	(41)	-	(41)
Share of other comprehensive income of associates	-	-	-	4,426	-	-	4,426	-	4,426
Total comprehensive income for the period	-	-	-	4,385	-	119,976	124,361	(51,343)	73,018
Contribution by and distribution to owners of the Company									
- Effect on acquisition of subsidiary	139,467	-	-	-	-	-	139,467	83,154	222,621
- Effect on Issuance of Private Placement	118,737	-	-	-	-	-	118,737	-	118,737
- Effect on Share Option exercised	2,075	-	(490)	-	-	-	1,585	-	1,585
- Effect on conversion of Warrant	170,819	(2,690)	-	-	-	-	168,129	-	168,129
- Effect on Issue of shares to non-controlling interests	-	-	-	-	-	-	-	3,132	3,132
	431,098	(2,690)	(490)	-	-	-	427,918	86,286	514,204
Share option expenses	-	-	1,806	-	-	337	2,143	-	2,143
Realisation of exchange translation reserve	-	-	-	-	-	(1,244)	(1,244)	-	(1,244)
Total transaction with owners of the Company	431,098	(2,690)	1,316	-	-	(907)	428,817	86,286	515,103
Balance as at 30 June 2021	785,437	3,001	2,143	(311)	(734)	233,400	1,022,936	30,551	1,053,487

There is no comparative for the quarter ended 30 June 2021, due to the change in the financial year end from 31 December to 30 June. The Condensed Consolidated Statement of Changes in Total Equity for the current quarter ended 30 June 2021, being the sixth quarter of the financial period ended 30 June 2021.

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.

Quarterly Report On Consolidated Results For The Sixth Quarter Ended 30 June 2021

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 2021, 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 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 2019.

2 Change of financial year end

As announced on 15 February 2021, the Group changed its financial year end from 31 December to 30 June. The current financial period of the Group will be covering an 18-month period ended 30 June 2021.

3 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 4: Extension of the Temporary Exemption from Applying MFRS 9

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.

4 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.

5 Seasonal or cyclical factors

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

6 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.



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7 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.

8 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 2021.

9 Dividend

The Directors do not recommend the payment of any dividend for the period ended 30 June 2021 (2020: Nil).

10 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
2020/2021					
Business segments					
Revenue from external customers	227,919	102,584	-	-	330,503
Inter-segment revenue	12,510	-	-	(12,510)	-
Total revenue	240,429	102,584	-	(12,510)	330,503
Segment result					
Profit/(Loss) from operations	21,925	8,133	(956)	-	29,102
Depreciation & amortization	(15,863)	(17,748)	(104)	-	(33,715)
Impairment loss on:					
- Receivables and contract assets	(43,985)	(3,976)	(71)	-	(48,032)
- Other investments	-	(3,700)	(4,117)	-	(7,817)
- Property, plant and equipment	(145)	(20,632)	-	-	(20,777)
- Intangible assets	(9,067)	(9,234)	-	-	(18,301)
- Inventories	-	(59)	-	-	(59)
- Goodwill	(15,716)	(44,504)	-	-	(60,220)
Share option expenses	(34)	(20)	(2,089)	-	(2,143)
Effect on business combination	-	273,746	-	-	273,746
Provision for liability	(10,302)	-	-	-	(10,302)
Loss of disposal of a subsidiary	-	-	(833)	-	(833)
Finance costs	(4,076)	(267)	(1,952)	-	(6,295)
Finance income	782	21	580	-	1,383
Share of results in associates, net of tax	8	(18,339)	-	-	(18,331)
Profit/(Loss) before tax	(76,473)	163,421	(9,542)	-	77,406
Tax expense					(8,569)
Zakat					(204)
Net income after tax					68,633
Net loss attributable to non-controlling interest					51,343
Net profit attributable to owners of the Company					119,976
Segment assets	512,580	2,148,883	640,596	(1,122,311)	2,179,748
Segment liabilities	553,759	1,265,241	28,629	(721,368)	1,126,261

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11 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 2021 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2021 other than disclosed below:

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 Malaysia Sdn Bhd (“SilTerra”) by Khazanah, subject to the signing of a definitive agreement (“Proposed SilTerra Acquisition”).

On 31 March 2021, the Company and Beijing Integrated Circuit Advances Manufacturing and High-End Equipment Equity Investment Fund Center (Limited Partnership) (“CGP Fund”) had together entered into a conditional share sale and purchase agreement (“SSPA”) with Khazanah for the acquisition by the Company and CGP Fund (as purchasers) of the entire issued share capital of SilTerra as at the completion date of the SSPA, representing the entire equity interest in SilTerra for a purchase consideration of RM273,000,000 to be satisfied entirely via cash (“Purchase Consideration”).

On 26 July 2021, the Company announced that all conditions precedent pursuant to the SSPA have been fulfilled, and that the payment for the Purchase Consideration have been effected and settled in full. Pursuant thereto, the Proposed Acquisition is deemed completed.

12 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, other than disclosed below:

- a) The Company had on 22 January 2021 announced that it entered into a share sale and purchase agreement (“SSPA”) with a group of Vendors for the acquisition of an additional 60% issued share capital in Ping Petroleum Limited (“Ping”) for a purchase consideration of USD78,000,000 (“Proposed Ping 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 Ping 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, for the remaining USD37.05 million (RM149.3 million).

Ping is considered as a subsidiary in accordance with MFRS 10 - Consolidated Financial Statements as Company has power over the voting rights, title and interest over Ping to direct the activities that significantly affects Ping’s returns and rights to receive variable returns from results of Ping’s performance paid out by way of dividends with respect to the shares with effect from 30 June 2021.

13 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement.

14 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 RM27.63 million as of 30 June 2021.



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15 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Eighteen months to 30/6/2021 RM'000	Eighteen months to 30/6/2020 RM'000
Malaysian income tax				
- Current taxation	(5,389)	N/A	(14,965)	N/A
- Over provision in prior year	-	N/A	169	N/A
Total current tax expense	(5,389)	N/A	(14,796)	N/A
Deferred tax expenses				
- Current period	4,015	N/A	6,453	N/A
- Under provision in prior year	-	N/A	(226)	N/A
Total deferred tax expenses	4,015	N/A	6,227	N/A
	(1,374)	N/A	(8,569)	N/A

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. The provision for tax payable was made by profitable subsidiary companies and certain expenses of the Group were disallowed for tax purpose.

16 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 Securities, the listing application was subsequently approved by Bursa Securities on 17 August 2020.

A total 431,503,700 Placement Shares were placed out for total gross proceeds of RM118,737,115 and were quoted on the Main Market of Bursa Securities as of 19 March 2021.

- (b) In conjunction with the Proposed SilTerra Acquisition, the Company had on 31 March 2021 announced that the Company proposes to undertake a private placement of up to 30% 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 ("Proposed Private Placement").

On 9 April 2021, the Company announced that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities, the listing application was subsequently approved by Bursa Securities and shareholders on 27 April 2021 and 20 May 2021 respectively.



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17 The status of utilisation of proceeds raised from the Private Placement

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balanced Unutilised RM'000	Intended Timeframe For Utilisation From The Receipt Of Placement Funds
Future viable investment	93,637	18,380	75,257	Within 24 months
Partial repayment of bank borrowings	20,000	20,000	-	Within 6 months
Working capital	5,000	4,764	236	Within 12 months
Estimated expenses	100	100	-	Upon completion
	118,737	43,244	75,493	

18 Derivatives

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

19 Classification of financial assets

For period ended 30 June 2021, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

20 Material litigation

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

21 Comparison between the current quarter and the immediate preceding quarter

	Current quarter 30/6/2021 RM'000	Immediate preceding quarter 31/3/2021 RM'000	Variance %
Revenue	45,899	45,084	1.8
- Information Technology ("IT")	30,137	32,086	-6.1
- Energy	15,762	12,998	21.3
Profit/(Loss) before tax	81,352	308	>100.0
- IT	(82,867)	984	>-100.0
- Energy	173,562	1,304	>100.0
- Corporate	(9,343)	(1,980)	>-100.0

Revenue

Overall, the Group revenue shown a marginal increased by RM0.82 million (1.8%) in current quarter as compared to immediate preceding quarter.

Information Technology Segment

The System Integration & Consultancy business reported reduction in revenue of RM1.9 million in (Q6, 2021: RM13.1 million; Q5, 2021: RM8.9 million) in current quarter.

The Group's Trade Facilitation & eServices business remain stable with slight drops in revenue of RM1.2 million (5.2%). Revenue stood at RM24.3 million in current quarter as compared to RM23.1 million in immediate preceding quarter.



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Energy Segment

Revenue in Group Energy segment slightly improved by RM2.8 million as compared to immediate preceding quarter (Q6, 2021: RM15.8 million; Q5, 2021: RM13.00 million) as the Oil and Gas industry is in the recovery cycle and subject to oil price volatility.

Profit/(Loss) Before Tax

	Current quarter 30/6/2021 Operating Loss RM'000	Net One-off Impairment Loss RM'000	Effect from business combination RM'000	Current quarter 30/6/2021 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax	(56,664)	(135,730)	273,746	81,352
- IT	(18,675)	(64,192)	-	(82,867)
- Energy	(32,775)	(67,409)	273,746	173,562
- Corporate	(5,214)	(4,129)	-	(9,343)

	Immediate preceding quarter 31/3/2021 Operating Profit/(Loss) RM'000	Net One-off Impairment Loss RM'000	Immediate preceding quarter 31/3/2021 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax	616	(308)	308
- IT	1,503	(519)	984
- Energy	1,093	211	1,304
- Corporate	(1,980)	-	(1,980)

The Group reported an operating loss of RM56.66 million in current quarter (Q5, 2021: RM0.62 million), mainly due to:

- Negative share of results in associates (Ping) totaling RM29.16 million mainly due to taxation, fair value on financing and inventory adjustment as a result of changing the financial period end from 31 December 2019 to 30 June 2021.
- Provision for liability on Service Level Agreement of RM8.17 million and consultants cost in relation to iGFMS project;
- Increase in personnel expenses by RM5.56 million mainly from provision of right sizing and compensation made to staff redundancy;
- Higher professional fees of RM1.2 million due to recent acquisition of Ping and SilTerra; and
- Increase in forex loss expenses of from foreign operations of RM1.2 million.

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

	Current quarter 30/6/2021 RM'mil	Preceding corresponding quarter 31/3/2021 RM'mil
Trading & Services	1.20	2.50
Drilling Technology & Oilfield Services	(4.81)	(0.20)
Upstream Exploration & Production	(27.07)	1.10
Sub Total	(30.68)	3.40
Net effect from business combination	273.75	-
Net one-off impairment loss	(67.41)	-
Amortisation of intangible assets arising from consolidation	(2.10)	(2.10)
Profit before tax	173.56	1.30

- Positive net effect from business combination as a result of 60% acquisition of Ping is due to Purchase Price Allocation ("PPA") and Fair Value of oil reserve.

22 Prospects for 2021

DNeX's strategic investments in SilTerra Malaysia Sdn Bhd ("SilTerra") and Ping Petroleum Limited ("Ping") have placed the Group in a strong position to capitalise on the robust semiconductor industry and ride on the recovery cycle of the oil & gas industry. The consolidation of both companies' financial performance will have a significant positive impact to the Group's performance in the financial year ending 30 June 2022.

The Group is optimistic that SilTerra will grow at a strong pace with higher average selling prices ("ASP") due to the current semiconductor chip shortage and increasing demand for semiconductor chips in a post-Covid 19 environment. In addition to injection of new funds for capital expenditure to enhance SilTerra's competitive edge, remove bottlenecks and improve plant utilisation rate and efficiency, SilTerra will also focus on higher capacity utilisation, operational efficiency and cost improvement initiatives and streamlining its product portfolios to achieve higher margins and better profitability. The Group is also working towards securing more long-term contracts that provide steady revenue contribution such as the recent approximately USD400 million multi-year contract from ChipOne Technology.

The Group's Energy business is expected to benefit from Brent crude oil prices that are currently trading at levels above USD70 per barrel. In line with improved oil prices, Ping is now exploring opportunities to monetise economically attractive reserves in the Anasuria Cluster which has estimated proved and probable reserves of about 26.6 million barrels of oil equivalent. Ping also intends to optimise its current greenfield portfolio, such as Avalon, including acquiring the remaining 50% stake in Avalon not currently owned by Ping.

The re-opening of the economy and rapid pace of digitalisation in both the private and public sectors is expected to augur well for the Group's existing business in Trade Facilitation as well as Technology Consultancy and System Integration ("Tech Consultancy & SI") business. In tandem with the recovery of trade volume and increase in global IT spending, the Group will be enhancing its Trade Facilitation related eServices and digital solutions in the Business-to-Government and Business-to-Business segments to further strengthen its position as the preferred technology partner for all sectors.

Recent contract awards which include the three-year extension (1 September 2021 until 31 August 2024) for the National Single Window for Trade Facilitation contract and the maintenance, support services and application improvement ICT contract of the Integrated Government Financial and Management System from the Ministry of Finance Malaysia valued at RM88.1 million for 45 months will also contribute positively to the Group's financial performance over the next few years.

Supported by market optimism that Covid-19 vaccines will revive the global economy and barring any unforeseen circumstances, the Group expects to deliver satisfactory results for the financial year ending 30 June 2022.



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23 Variance for actual and forecast profit

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

24 Earnings per share

Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2021 '000	Preceding year corresponding quarter 30/6/2020 '000	Eighteen months to 30/6/2021 '000	Eighteen months to 30/6/2020 '000
Profit attributable to the Owners of the Company (RM)	116,728	N/A	119,976	N/A
Number of ordinary shares at beginning of the period	2,227,250	N/A	1,758,090	N/A
- Weighted average number of ordinary shares	141,451	N/A	163,380	N/A
Weighted average number of ordinary shares	2,368,701	N/A	1,921,470	N/A
Basic earnings per share (sen)	4.93	N/A	6.24	N/A
Diluted earnings per share				
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2021 '000	Preceding year corresponding quarter 30/6/2020 '000	Eighteen months to 30/6/2021 '000	Eighteen months to 30/6/2020 '000
Profit attributable to the Owners of the Company (RM)	116,728	N/A	119,976	N/A
Weighted average number of ordinary shares as per basic earnings per share	2,368,701	N/A	1,921,470	N/A
Effect of potential exercise of ESOS	634	N/A	595	N/A
Weighted average number of ordinary shares	2,369,335	N/A	1,922,065	N/A
Diluted earnings per share (sen)	4.93	N/A	6.24	N/A

The potential conversion of warrants is anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial period. Therefore, the potential conversion of Warrants has been ignored in the calculation of dilutive earnings per share.

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
24 September 2021

By Order of the Board
CHIN WAI YI (MAICSA 7069783)
KEH CHING TYNG (MAICSA 7050134)
Company Secretaries