



**DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

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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 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 RM'000
Revenue	419,576	270,867	419,576	270,867
Cost of sales	(261,875)	(184,571)	(261,875)	(184,571)
Gross profit	157,701	86,296	157,701	86,296
Other income	5,846	2,115	5,846	2,115
Expenses	(69,716)	(41,616)	(69,716)	(41,616)
Finance cost	(12,697)	(12,360)	(12,697)	(12,360)
Effect from business combination	-	264,508	-	264,508
Profit before income tax	81,134	298,943	81,134	298,943
Income tax (expense)/credit (Note 14)	(12,884)	2,543	(12,884)	2,543
Profit for the period	68,250	301,486	68,250	301,486
Gain attributable to non-controlling interest	(26,528)	(7,922)	(26,528)	(7,922)
Profit attributable to owners of the Company	41,722	293,564	41,722	293,564
Earnings per share				
Basic	1.32 sen	9.81 sen	1.32 sen	9.81 sen
Diluted	1.31 sen	9.81 sen	1.31 sen	9.81 sen



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 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	68,250	301,486	68,250	301,486
Foreign currency translation differences for foreign operations	<u>56,268</u>	<u>6,917</u>	<u>56,268</u>	<u>6,917</u>
Total comprehensive income	124,518	308,403	124,518	308,403
Total comprehensive gain attributable to non-controlling interest	<u>(26,528)</u>	<u>(7,922)</u>	<u>(26,528)</u>	<u>(7,922)</u>
Total comprehensive income attributable to owners of the Company	<u>97,990</u>	<u>300,481</u>	<u>97,990</u>	<u>300,481</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2022.



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(3,640)	(876)	(3,640)	(876)
Net impairment loss/(gain) on receivables	551	(1,129)	551	(1,129)
Interest expense	12,697	12,360	12,697	12,360
Depreciation and amortisation	28,602	36,808	28,602	36,808
Net realised and unrealised foreign exchange loss	5,174	2,305	5,174	2,305
Effect from business combination	-	(264,508)	-	(264,508)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2022.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2022 RM'000	Audited As at 30/6/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,813,370	1,748,810
Right-of-use assets	56,420	56,467
Intangible assets	1,075,425	1,028,596
Deferred tax assets	168,104	159,020
Trade and other receivables	158,109	144,273
Cash and cash equivalents (restricted)	259,253	260,672
	<u>3,530,681</u>	<u>3,397,838</u>
Current assets		
Inventories	123,525	147,970
Contract assets	29,960	43,778
Trade and other receivables	270,409	276,308
Current tax assets	7,904	5,212
Cash and cash equivalents	786,196	754,524
	<u>1,217,994</u>	<u>1,227,792</u>
Total assets	<u>4,748,675</u>	<u>4,625,630</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	1,017,403	1,017,319
Share option reserve	15,917	11,439
Translation reserve	119,323	63,055
Retained earnings	804,808	763,086
	<u>1,957,451</u>	<u>1,854,899</u>
Non-controlling Interests	500,647	474,119
Total equity	<u>2,458,098</u>	<u>2,329,018</u>
Non-current liabilities		
Deferred tax liabilities	667,360	638,262
Loan and borrowings (secured)	244,216	232,784
Long term obligations and provision	7,711	7,320
Lease liabilities	57	74
Provision for decommissioning costs	411,584	422,667
Contract liabilities	361,070	342,748
	<u>1,691,998</u>	<u>1,643,855</u>
Current liabilities		
Contract liabilities	201,211	220,977
Trade and other payables	259,377	286,171
Loan and borrowings (secured)	78,423	86,575
Lease liabilities	580	679
Current tax liabilities	58,988	58,355
	<u>598,579</u>	<u>652,757</u>
Total liabilities	<u>2,290,577</u>	<u>2,296,612</u>
Total equity and liabilities	<u>4,748,675</u>	<u>4,625,630</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.62</u>	<u>0.59</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2022.



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited As at 30/9/2022 RM'000	Unaudited As at 30/9/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	398,234	451,008
Cash payments to suppliers	(233,539)	(150,927)
Cash payments to employee and other expenses	(93,293)	(60,129)
	<hr/>	<hr/>
Cash generated from operations	71,402	239,952
Income tax paid (net)	(7,253)	(3,691)
Zakat	49	(20)
	<hr/>	<hr/>
Net cash generated from operating activities	64,198	236,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, and intangible assets	(67,581)	(39,182)
Proceeds from disposal of plant and equipment	1	-
Interest received	2,910	1,382
Acquisition of a subsidiary (Note 12) (b)	-	(77,285)
	<hr/>	<hr/>
Net cash used in investing activities	(64,670)	(115,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrant conversion	-	183,010
Proceeds from share options exercised	57	-
Bank borrowings (net)	(7,072)	154,214
Payment of finance cost	(7,687)	(5,749)
Payment of lease liabilities	(27)	(27)
Increase in pledged deposits and restricted cash	(23,361)	(212,860)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(38,090)	118,588
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	(38,562)	239,744
Cash and cash equivalents as at beginning of financial period	698,056	252,448
Effect of exchange rate fluctuations on cash held	46,279	-
	<hr/>	<hr/>
Cash and cash equivalents as at end of financial period (a)	705,773	492,192

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

	As at 30/9/2022 RM'000	As at 30/9/2021 RM'000
Cash and deposits with licensed banks		
- Unrestricted	709,633	495,116
- Restricted and pledged	335,816	350,619
	<hr/>	<hr/>
	1,045,449	845,735
Less: Cash and cash equivalents pledged as security	(335,816)	(350,619)
Less: Bank overdrafts	(3,860)	(2,924)
	<hr/>	<hr/>
Cash and cash equivalents as at end of financial period	705,773	492,192

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 30 June 2022.



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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
	← Non-distributable →		Distributable				
	Share capital	Share option reserve	Translation reserve	Retained earnings			
Three months to 30 September 2022							
Balance as at 1 July 2022	1,017,319	11,439	63,055	763,086	1,854,899	474,119	2,329,018
Profit for the period	-	-	-	41,722	41,722	26,528	68,250
Foreign currency translation differences for foreign operations	-	-	56,268	-	56,268	-	56,268
Total comprehensive income for the period	-	-	56,268	41,722	97,990	26,528	124,518
Contribution by and distribution to owners of the Company							
- Share options exercised	84	(26)	-	-	58	-	58
Share options expenses	-	4,504	-	-	4,504	-	4,504
Total transaction with owners of the Company	84	4,478	-	-	4,562	-	4,562
Balance as at 30 September 2022	1,017,403	15,917	119,323	804,808	1,957,451	500,647	2,458,098



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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (continued)

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			
Three months to 30 September 2021									
Balance as at 1 July 2021	785,437	3,001	2,143	(311)	(734)	233,400	1,022,936	30,551	1,053,487
Profit for the period	-	-	-	-	-	293,564	293,564	7,922	301,486
Foreign currency translation differences for foreign operations	-	-	-	6,917	-	-	6,917	-	6,917
Total comprehensive income for the period	-	-	-	6,917	-	293,564	300,481	7,922	308,403
Contribution by and distribution to owners of the Company									
- Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	285,538	285,538
- Effect on conversion of Warrant	185,938	(2,928)	-	-	-	-	183,010	-	183,010
- Warrant terminated	-	(73)	-	-	-	73	-	-	-
Total transaction with owners of the Company	185,938	(3,001)	-	-	-	73	183,010	285,538	468,548
Balance as at 30 September 2021	971,375	-	2,143	6,606	(734)	527,037	1,506,427	324,011	1,830,438

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with with the accompanying explanatory notes and the audited financial statements for the financial period ended 30 June 2022.



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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 2022, 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 30 June 2022.

2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2022 except as described below:

2.1 Adoption of Amendments to Standards

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2022:

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020

The adoption of the above amendments did not have any material impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

	Effective for financial periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred

The Group will adopt the above standards and amendments when they become effective in the respective financial periods.



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3 Auditors' Report on preceding annual financial statement

The auditor' report on the Group's audited financial statements for the financial year ended 30 June 2022 was not subject to any qualification.

4 Seasonal or cyclical factors

The Group's operations were not materially affected by any seasonal or cyclical factors during the current period.

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 30 September 2022.

8 Dividend

The Board of Directors does not recommend the payment of any dividend for the current quarter ended 30 September 2022 (30.9.2021: Nil).



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9 Segmental information for the current period

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

Business segment	Technology	Energy	Information Technology	Corporate	Eliminations	Consolidated
2022/2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	274,681	101,618	43,277	-	-	419,576
Inter-segment revenue	-	-	7,551	-	(7,551)	-
Total revenue	274,681	101,618	50,828	-	(7,551)	419,576
Segment result						
Profit/(Loss) from operations	79,498	38,194	9,431	(7,779)	-	119,344
Depreciation and amortisation	(15,426)	(10,633)	(2,519)	(24)	-	(28,602)
Net impairment (loss)/reversal on receivables	(730)	82	97	-	-	(551)
Finance costs	(549)	(11,345)	(505)	(298)	-	(12,697)
Finance income	1,794	1,181	50	615	-	3,640
Profit/(Loss) before tax	64,587	17,479	6,554	(7,486)	-	81,134
Income tax expense						(12,884)
Net income after tax						68,250
Net gain attributable to non-controlling interest						(26,528)
Net profit attributable to owners of the Company						<u>41,722</u>
Segment assets	1,532,421	2,646,909	1,204,287	873,850	(1,508,792)	4,748,675
Segment liabilities	889,101	1,784,600	511,282	35,624	(930,030)	2,290,577

10 Material events subsequent to the current period

In the opinion of the Directors, there are no items, transactions or events of material and unusual nature which have arisen since 30 June 2022 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2022, other than disclosed below:

Commencement of arbitration proceedings against Mimastronics Technologies Company Limited in relation to a proposed investment in Dagang NeXchange Berhad Group of companies.

The Company had on 17 November 2022 announced that DNeX Semiconductor Sdn. Bhd. ("DNeX Semi"), a wholly-owned subsidiary of the Company, had on 17 November 2022 issued and served a Notice of Arbitration to commence arbitration proceedings against Mimastronics Technologies Company Limited ("MIMAS") under rules 5.3 and 22.4 of the Asian International Arbitration Centre Arbitration Rules, 2021. MIMAS is wholly owned by Tethystronics Technologies Company Limited ("TTCL") a special purpose vehicle ultimately owned by Beijing Integrated Circuit Advanced Manufacturing and High-End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP"), which also held 40% equity interest in SiITerra Malaysia Sdn. Bhd. ("SiITerra"). SiITerra is a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company.

DNeX and CGP had respectively acquired, through DNeX Semi and TTCL, 60% and 40% of the shareholding of SiITerra from Khazanah Nasional Berhad ("Khazanah") pursuant to a Share Sale and Purchase Agreement dated 31 March 2021 between DNeX, CGP and Khazanah ("SiITerra SSPA").

DNeX Semi and TTCL aimed to continue with the operations of SiITerra. This necessitated compliance with the conditions imposed on the manufacturing licence ("the Licence") issued to SiITerra pursuant to the Industrial Co-ordination Act 1975. Amongst other things, it was a condition that at least 55% of the shareholding of SiITerra was to be owned by a Malaysian entity. A breach of this condition would trigger a possible revocation of the Licence. In order to fulfil commitments made by DNeX Semi and TTCL under the SiITerra SSPA, it was necessary for DNeX Semi to raise a sum of RM120 million in SiITerra for the purposes specified in Schedule 4(l) of the SiITerra SSPA.

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10 Material events subsequent to the current period (continued)

Various discussions were held between the parties to deliberate on the option of financial instruments to be used for purpose of raising the aforementioned funds. Of the options discussed, the parties had sought to opt for the possible issuance of Irredeemable Convertible Preference Shares ("ICPS") in DNeX Semi amounting to RM100 million to be issued to and subscribed by MIMAS ("Proposed Investment"). The Proposed Investment forms the subscription exercise that was the subject of the Subscription Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SSA") by which MIMAS would become a 33.33% shareholder of DNeX Semi in return for a payment of RM100 million. The rights of the DNeX Semi and MIMAS as shareholders was to be regulated by the Shareholders Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SHA").

The execution of the SSA and SHA was done in accordance with a protocol which stipulates that wet-ink versions of the signing pages were only required for the purposes of stamping. Nonetheless upon executing the two agreements, DNeX reached out to MIMAS to delay the stamping as DNeX will need to seek greater clarity on the matter from the relevant authorities in fear that it might potentially breach any regulatory conditions duly imposed by the Government of Malaysia.

Accordingly, DNeX and CGP had sought clarification with the Ministry of International Trade and Industry ("MITI") in relation to the possible breach of any regulatory conditions pursuant to the Proposed Investment.

Vide MITI's letter dated 28 February 2022, DNeX and CGP learned that the prior approval of MITI was required in relation to the Proposed Investment. Despite the clarification letter from MITI, MIMAS purported to stamp the SSA and SHA, utilising scanned copies of the signing pages of the said agreements on which DNeX and DNeX Semi signed. This was despite the understanding of the parties that only wet ink copies would be stamped. At all material times, the original wet ink copies of the SSA and SHA are kept in trust by DNeX's solicitors and have not been released to CGP, MIMAS or its solicitors.

MIMAS took, and still takes, the position that such approval was not required and maintains that the SSA and the SHA are valid and enforceable. It is, further, MIMAS's position that these agreements should not be understood as being conditional upon such approval.

DNeX and DNeX Semi, however, consider such approval as necessary, more so in light of the terms and conditions of the SSA and the SHA which provide for MIMAS becoming a shareholder upon the issuance of the ICPS and not their conversion. If so, this puts the Licence, and thus the operations of SilTerra, at risk. This is also after taking into account the MITI's letter dated 28 February 2022 which stipulates that the prior approval of MITI was required in relation to the Proposed Investment.

It is the position of DNeX and DNeX Semi that the SSA and the SHA are void by reason of Section 21, Contracts Act 1950 as the parties were under a mistake as to a matter of fact essential to the said agreements.

In view of the foregoing, DNeX and DNeX Semi demand that the dispute be referred to arbitration pursuant to the Arbitration Agreements in accordance with the Asian International Arbitration Centre Arbitration Rules, 2021.

DNeX and DNeX Semi will seek the necessary relief to have the SSA and SHA declared null and void.

The Group and the Company do not expect any material financial impact by reason of the commencement of the said arbitration proceeding other than legal cost to be incurred. SilTerra remains a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company. No material operational impact is expected arising from the arbitration.

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.



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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 RM11.33 million as at 30 September 2022.

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 RM'000
Malaysian and foreign income tax:				
Current taxation	(4,098)	(2,307)	(4,098)	(2,307)
Deferred taxation	(8,786)	4,850	(8,786)	4,850
	(12,884)	2,543	(12,884)	2,543

The Group's effective tax rates are reflective of the various tax legislations within which the Group operates. For the financial period ended 30 September 2022, the taxation arose mainly from certain profit-making subsidiary companies and the group has recognised deferred tax arising from temporary differences between the tax base and the carrying amount of assets and liabilities.

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 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	93,637	-	Within 24 months
Partial repayment of bank borrowings	20,000	20,000	-	Within 6 months
Working capital	49,868	5,000	44,868	Within 12 months
Estimated expenses	100	100	-	Upon completion
	163,605	118,737	44,868	

17 Derivatives

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

18 Classification of financial assets

For period ended 30 September 2022, 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 other than disclosed below:

- a) Nuraslina binti Zainal Abidin vs Dagang Net Technologies Sdn. Bhd. (“Dagang Net”), Dagang NeXchange Berhad (“The Company”) and Genaxis Group Sdn. Bhd. (“Genaxis”) (Dagang Net, the Company and Genaxis shall collectively be referred to as “Defendants”)

The Company had on 11 October 2021 announced that the Company and its wholly-owned subsidiary Dagang Net were informed by their solicitors, Messrs Azmi & Associates, that the solicitors had received a sealed copy of the Originating Summons dated 6 October 2021 (“Legal Suit”) from Messrs. Bahari & Bahari, the solicitors who act on behalf of Puan Nuraslina binti Zainal Abidin (“Plaintiff”) and an affidavit in support of the Plaintiff dated 27 September 2021.

In the Legal Suit, the Plaintiff is seeking amongst others, the following reliefs:

1. A declaration that Dagang Net and DNeX have conducted the affairs of Genaxis in a manner oppressive, prejudicial and in complete disregard to the interest of the Plaintiff as member of Genaxis;
2. A declaration that the Plaintiff is relieved of and is not liable to any profit guarantee given by the Plaintiff in the Shareholders Agreement in Genaxis;
3. An Order that Dagang Net purchase all the Plaintiff’s shares in Genaxis at a fair value to be determined by the Court or an independent valuer appointed by the Court.

DNeX denies the allegations made by the Plaintiff and has been vigorously defending the claim.

During the case management on 24 March 2022 the Learned Judicial Commissioner recused from hearing this matter. In light of the recusal, the hearing of scheduled on 28 March 2022 before the Learned Judicial Commissioner was therefore vacated. On 13 April 2022, the Plaintiff has filled its affidavit. In that regard, DNeX have replied and filled the affidavit in respect on 27 April 2022.

During the Case Management on 28 April 2022, the Court had given the following direction:

- (i) Parties are to file further submissions on or before 20 May 2022; and
- (ii) Hearing of the originating summons and the Plaintiff’s application for cross examination of DNeX deponents had been scheduled on 15 June 2022.

At the hearing on 15 June 2022, the Judicial Commissioner dismissed the Plaintiff’s application to cross examine the deponents of the Defendants’ affidavits with cost of RM5,000. At the same hearing, the Plaintiff’s solicitors informed the Court that the Plaintiff wished to file a further affidavit in view of new matters which had transpired in respect of Genaxis. The learned Judicial Commissioner directed as follows:

- (i) The Plaintiff is to file its further affidavit by 22 June 2022;
- (ii) The Defendants’ affidavit in reply is to be filed by 27 June 2022;
- (iii) Parties may file supplementary written submissions by 15 August 2022; and
- (iv) The Legal Suit will be called up for hearing on 22 August 2022.

The parties had exchanged various affidavits in accordance with the directions given by the Court.

At the hearing on 22 August 2022, the Judicial Commissioner has dismissed the Plaintiff’s Legal Suit with no order as to cost.



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19 Material litigation (continued)

On 21 September 2022, the Company has received a copy of unsealed notice of appeal dated 19 September 2022 from the Plaintiff in respect of the appeal filed by the Plaintiff against the decision made by the Judicial Commissioner which had dismissed the Plaintiff's petition for minority oppression.

The appeal is presently fixed for case management on 19 December 2022.

- b) Dagang NeXchange Berhad ("The Company"), Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), DNeX Telco Services Sdn. Bhd. ("DTS"), PT Dagang Samudera Utama ("PT DSH") and PT DNeX Telco Indonesia ("PT DTI") (The Company, Dagang Net, DTS, PT DSH and PT DTI shall collectively be referred to as "the Group" or "the Plaintiffs") vs Mohd Ismail Khan bin Wazir Khan, the former Chief Executive Officer of DTS ("the Defendant").

The Company had on 11 November 2022s announced that the Group via its solicitor, Messrs. Chooi & Company + Cheang & Ariff, filed a legal action against the Defendant in the Kuala Lumpur High Court.

The Group is seeking for the following reliefs against the Defendant:

1. A declaration that the Defendant had breached his fiduciary duty, trust, duty of care, skill and diligence, duty of fidelity and duty of trust and confidence towards the Plaintiffs, in regards to the acquisition of a remotely operated vehicle ("ROV");
2. A declaration that USD1,335,000 and/or all secret profits and/or other benefits obtained by the Defendant through the ROV acquisition are held on constructive trust for the Plaintiffs;
3. An account of profits obtained by the Defendant for the sum of USD1,335,000 and/or all secret profits and/or other benefits procured through the ROV acquisition;
4. Special damages in the sum of USD1,250,000 and IDR23,764,196,250 to be paid by the Defendant to the Plaintiffs;
5. Aggravated damages against the Defendant to be assessed by the Court;
6. Exemplary damages against the Defendant to be assessed by the Court;
7. Pre-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the statement of claim until the date of the judgement;
8. Post-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the judgement until its full realisation;
9. Costs on an indemnity basis; and
10. Any further and/or other relief than the Court deems fit and proper.

The Court has fixed the first Case Management for this matter on 30 November 2022.

- c) Arbitration proceeding against Mimastronics Technologies Company Limited ("MIMAS").

The updates in relation to this is as disclosed under Note 10 of this announcement.



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20 Comparison between the current quarter and the immediate preceding quarter

	Current quarter 30/9/2022 RM'000	Immediate preceding quarter 30/6/2022 RM'000	Variance %
Revenue	419,576	450,568	-6.9
- Technology	274,681	254,094	8.1
- Energy	101,618	135,722	-25.1
- Information Technology ("IT")	43,277	60,752	-28.8
Profit before tax	81,134	140,821	-42.4
- Technology	64,587	85,661	-24.6
- Energy	17,479	31,965	-45.3
- IT	6,554	28,260	>-100.0
- Corporate	(7,486)	(5,065)	-47.8

Revenue

For the current quarter ended 30 September 2022, the Group's revenue declined by 6.9% to RM419.58 million compared with RM450.57 million in the immediate preceding quarter.

Technology Segment

The Technology business segment contributed a significantly higher revenue by RM20.59 million (Q1, 2023: RM274.68 million; Q4, 2022: RM254.09 million) due to higher average selling price achieved.

Energy Segment

Revenue in Group Energy reduced by RM34.10 million as compared to immediate preceding quarter (Q1, 2023: RM101.62 million; Q4, 2022: RM135.72 million), mainly due to drop in net average selling prices of Brent crude oil prices (Q1, 2023: USD97.10/bbls; Q4, 2022: USD115.01/bbls).

Information Technology Segment

The Group Information Technology recorded decrease in revenue by RM17.47 million (Q1, 2023: RM43.28 million; Q4, 2022: RM60.75 million) in current quarter mainly due to Subsea Telco Services's lower revenue as a result of dry-docking as part of regular preventive maintenance expenses in current quarter.

However, the Group's Trade Facilitation & eServices business's revenue improved by RM4.01 million (16.9%) mainly due to progress milestone revenue in the current quarter supported by trade traffic volume recorded. The current quarter revenue stood at RM27.60 million while RM23.59 million in immediate preceding quarter.



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20 Comparison between the current quarter and the immediate preceding quarter (continued)

Profit/(Loss) Before Tax

	Current quarter 30/9/2022 Operating Profit RM'000	Net Impairment (Loss)/ Reversal RM'000	Current quarter 30/9/2022 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax ("PBT")	81,685	(551)	81,134
- Technology	65,317	(730)	64,587
- Energy	17,397	82	17,479
- IT	6,457	97	6,554
- Corporate	(7,486)	-	(7,486)

	Immediate preceding quarter 30/6/2022 Operating Profit/(Loss) RM'000	Net Impairment (Loss)/ Reversal RM'000	Immediate preceding quarter 30/6/2022 Profit/(Loss) Before Tax RM'000
Profit before tax ("PBT")	139,024	1,797	140,821
- Technology	85,536	125	85,661
- Energy	29,700	2,265	31,965
- IT	28,853	(593)	28,260
- Corporate	(5,065)	-	(5,065)

Group reported PBT of RM81.13 million in the current quarter with a reduction of RM59.69 million as compared to the immediate preceding quarter of RM140.82 million which collectively contributed by each segments in the Group. The Technology segment remains as a major contributor to the Group's PBT in line with its higher revenue for the current quarter. The decrease in the Energy segment in current quarter is lower was due to drop in average selling prices of Brent crude oil prices. Meanwhile, significant reduction of PBT in IT segment was in tandem with the decrease in the revenue.



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21 Detailed analysis of the performance for the current quarter

(a) Quarter ended 30 September 2022 compared with quarter ended 30 September 2021

	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Variance %
Revenue	419,576	270,867	54.9
- Technology	274,681	148,774	84.6
- Energy	101,618	78,011	30.3
- IT	43,277	44,082	-1.8

The overall Group revenue improved by RM148.71 million against preceding year corresponding quarter mainly contributed by Technology segment. In the current quarter, Group reported three (3) months financial result of Technology segment as compared to two (2) months financial result in the preceding year corresponding quarter as consolidation of Silterra was made effective in the month of August 2021.

	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Variance %
Profit before tax ("PBT")	81,134	298,943	-72.8
- Technology	64,587	285,699	-77.3
- Energy	17,479	15,847	10.3
- IT	6,554	1,439	>100
- Corporate	(7,486)	(4,042)	-85.2

Excluding one-off negative goodwill of RM264.51 million in the immediate preceding quarter, the Group's PBT improved by RM46.70 million (Q1, 2023: RM81.13 million; Q1, 2022: RM34.43 million) in line with higher revenue which mainly contributed from Technology segment.



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22 Prospects for 2022/2023

Technology

Semiconductor wafer manufacturer, SilTerra Malaysia Sdn Bhd (“SilTerra”) is committed to pursue manufacturing excellence in terms of quality and yield and improving product mix with emerging technology with better average selling prices (“ASP”).

Expansion efforts to increase annual production capacity by 10% is on-track and is expected to be completed by first half of 2023. As part of the technology roadmap, more capacity will be allocated to emerging technologies such as microelectromechanical systems (“MEMS”) and Silicon Photonics devices which carry higher ASPs.

Mass production of new products with global key customers which were previously under development have started to contribute to production volumes, lifting overall capacity utilization rates. Moving forward, SilTerra aims to streamline its operations by focusing on key customers which give high and stable volume as this will improve operational efficiencies. Efforts to secure more long-term agreements (“LTAs”) are on-going.

The positive impact from better product mix, ASP and strengthening of the USD will mitigate the moderating global growth prospects for semiconductor chips in anticipation of a slowdown in the global economy.

Energy

At the Anasuria Cluster in the North Sea, UK, the completion of the riser reinstatement and a major maintenance turnaround, the field production rates have improved. Work is in progress to firm up well intervention and infill drilling program to unlock remaining economic potential.

Brent crude oil prices are expected to remain volatile over the near term on the back of Russian oil sanctions and OPEC+ announcement in October 2022 to cut production by 2 million barrels per day.

Information Technology

The Group remains focused on operating the National Single Window (“NSW”) for Trade Facilitation until 31 August 2024. Transactions at NSW have grown over the comparable period last year due to lifting of Covid restrictions and is anticipated to increase next quarter in line with seasonal festivities.

Some of the newly introduced Business-to-Business (B2B) services under Trade Facilitation which were previously under pilot testing phase have started to go live. Efforts to penetrate new geographical regions and to convert projects in pipeline to orderbook remain as key priorities to strengthen our market position as the preferred technology partner for all sectors.

The Malaysian economy expanded by 9.4% in the first three quarters of 2022. Growth was driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. In the fourth quarter, the economy will continue to expand, although at a more moderate pace which reflects the more challenging global environment. Looking ahead, the Malaysian economy is expected to expand by 4.0-5.0% in 2023.



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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 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 RM'000
Profit attributable to the Owners of the Company	41,722	293,564	41,722	293,564
Number of ordinary shares at beginning of the period	3,156,255	2,724,686	3,156,255	2,724,686
Effect of new ordinary shares issued	72	267,106	72	267,106
Weighted average number of ordinary shares	3,156,327	2,991,792	3,156,327	2,991,792
Basic earnings per share (sen)	1.32	9.81	1.32	9.81
Diluted earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Three months to 30/9/2022 RM'000	Three months to 30/9/2021 RM'000
Profit attributable to the Owners of the Company	41,722	293,564	41,722	293,564
Weighted average number of ordinary shares as per basic earnings per share	3,156,327	2,991,792	3,156,327	2,991,792
Effect of potential exercise of ESOS	5,755	257	5,755	257
Weighted average number of ordinary shares	3,162,082	2,992,049	3,162,082	2,992,049
Diluted earnings per share (sen)	1.31	9.81	1.31	9.81

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.

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