



**DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

CONTENTS

Page

I	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	2
II	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
III	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
IV	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY.....	7
V	NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	9
1	Basis of preparation.....	9
2	Significant accounting policies.....	9
3	Audit report in respect of the 30 June 2022 financial statements.....	10
4	Seasonal or cyclical factors.....	10
5	Unusual items due to their nature, size or incidence.....	10
6	Material changes in estimates used.....	10
7	Debt and equity securities.....	10
8	Dividend.....	10
9	Segmental information for the current period.....	11
10	Changes in the composition of the Group.....	11
11	Contingent liabilities.....	11
12	Capital commitments.....	11
13	Income tax.....	12
14	Status of corporate proposals announced but not completed as at the date of this announcement.....	12
15	The status of utilisation of proceeds raised from the Private Placement.....	12
16	Derivatives.....	12
17	Classification of financial assets.....	12
18	Material litigation.....	13
19	Comparison between the current quarter and the immediate preceding quarter.....	21
20	Detailed analysis of the performance for the current quarter and year-to-date.....	23
21	Prospects for 2022/2023.....	25
22	Variance for actual and forecast profit.....	25
23	Earnings per share.....	26
24	Authorisation for issue.....	26



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000
Revenue	330,530	353,314	750,106	624,181
Cost of sales	(208,266)	(196,887)	(470,141)	(381,458)
Gross profit	122,264	156,427	279,965	242,723
Other income	6,869	3,223	11,351	5,325
Expenses	(56,599)	(77,276)	(119,777)	(116,574)
Foreign exchange gain/(loss)	12,185	(6,071)	7,011	(8,376)
Finance cost	(12,720)	(12,939)	(25,417)	(25,299)
Effect from business combination	-	-	-	264,508
Profit before income tax	71,999	63,364	153,133	362,307
Income tax (expense)/credit (Note 14)	(37,523)	1,541	(50,407)	4,084
Profit for the period	34,476	64,905	102,726	366,391
Gain attributable to non-controlling interest	(2,593)	(21,071)	(29,121)	(28,993)
Profit attributable to owners of the Company	31,883	43,834	73,605	337,398
Earnings per share				
Basic	1.01 sen	1.40 sen	2.33 sen	11.03 sen
Diluted	1.01 sen	1.40 sen	2.33 sen	11.03 sen



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 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	34,476	64,905	102,726	366,391
Foreign currency translation differences for foreign operations	<u>(62,793)</u>	<u>5,870</u>	<u>(6,525)</u>	<u>12,787</u>
Total comprehensive (loss)/income	(28,317)	70,775	96,201	379,178
Total comprehensive gain attributable to non-controlling interest	<u>(2,593)</u>	<u>(21,071)</u>	<u>(29,121)</u>	<u>(28,993)</u>
Total comprehensive income attributable to owners of the Company	<u>(30,910)</u>	<u>49,704</u>	<u>67,080</u>	<u>350,185</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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(6,141)	(2,041)	(9,781)	(2,917)
Net impairment (gain)/loss on receivables	(5,163)	12,575	(4,612)	11,446
Interest expense	12,720	12,939	25,417	25,299
Depreciation and amortisation	42,952	43,221	71,554	80,029
Net realised and unrealised foreign exchange (gain)/loss	(12,185)	6,071	(7,011)	8,376
Effect from business combination	-	-	-	(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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2022 RM'000	Audited As at 30/6/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,962,032	1,748,810
Right-of-use assets	55,737	56,467
Intangible assets	1,053,604	1,028,596
Deferred tax assets	160,285	159,020
Trade and other receivables	101,255	144,273
Cash and cash equivalents (restricted)	272,100	260,672
	<u>3,605,013</u>	<u>3,397,838</u>
Current assets		
Inventories	126,821	147,970
Contract assets	39,191	43,778
Trade and other receivables	256,794	276,308
Current tax assets	7,245	5,212
Cash and cash equivalents	634,502	754,524
	<u>1,064,553</u>	<u>1,227,792</u>
Total assets	<u>4,669,566</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	18,593	11,439
Translation reserve	56,530	63,055
Retained earnings	836,691	763,086
	<u>1,929,217</u>	<u>1,854,899</u>
Non-controlling Interests	503,240	474,119
Total equity	<u>2,432,457</u>	<u>2,329,018</u>
Non-current liabilities		
Deferred tax liabilities	653,710	638,262
Loan and borrowings (secured)	232,429	232,784
Long term obligations and provision	7,333	7,320
Lease liabilities	53	74
Provision for decommissioning costs	428,553	422,667
Contract liabilities	383,048	342,748
	<u>1,705,126</u>	<u>1,643,855</u>
Current liabilities		
Contract liabilities	171,931	220,977
Trade and other payables	240,366	286,171
Loan and borrowings (secured)	62,788	86,575
Lease liabilities	511	679
Current tax liabilities	56,387	58,355
	<u>531,983</u>	<u>652,757</u>
Total liabilities	<u>2,237,109</u>	<u>2,296,612</u>
Total equity and liabilities	<u>4,669,566</u>	<u>4,625,630</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.61</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.

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited As at 31/12/2022 RM'000	Unaudited As at 31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	759,223	902,208
Cash payments to suppliers	(433,219)	(306,335)
Cash payments to employee and other expenses	(155,439)	(177,572)
	<hr/>	<hr/>
Cash generated from operations	170,565	418,301
Income tax paid (net)	(38,794)	(5,369)
Zakat	44	(77)
	<hr/>	<hr/>
Net cash generated from operating activities	131,815	412,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, and intangible assets	(209,710)	(70,494)
Proceeds from disposal of plant and equipment	1	-
Interest received	8,377	1,689
Acquisition of a subsidiary	-	(77,285)
	<hr/>	<hr/>
Net cash used in investing activities	(201,332)	(146,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrant conversion	-	183,010
Proceeds from share options exercised	57	44,868
Bank borrowings (net)	(22,171)	101,323
Payment of finance cost	(16,482)	(12,351)
Payment of lease liabilities	(54)	(45)
Increase in pledged deposits and restricted cash	(17,456)	(196,078)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(56,106)	120,727
Net Change in Cash and Cash Equivalents	(125,623)	387,492
Cash and cash equivalents as at beginning of financial period	698,056	252,448
Effect of exchange rate fluctuations on cash held	742	1,861
	<hr/>	<hr/>
Cash and cash equivalents as at end of financial period (a)	573,175	641,801

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

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Cash and deposits with licensed banks		
- Unrestricted	576,691	644,525
- Restricted and pledged	329,911	333,782
	<hr/>	<hr/>
	906,602	978,307
Less: Cash and cash equivalents pledged as security	(329,911)	(333,782)
Less: Bank overdrafts	(3,516)	(2,724)
	<hr/>	<hr/>
Cash and cash equivalents as at end of financial period	573,175	641,801

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.



DAGANG NEXCHANGE BERHAD
 (Registration No 197001000738 (10039-P))
 Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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			
Six months to 31 December 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	-	-	-	73,605	73,605	29,121	102,726
Foreign currency translation differences for foreign operations	-	-	(6,525)	-	(6,525)	-	(6,525)
Total comprehensive income for the period	-	-	(6,525)	73,605	67,080	29,121	96,201
Contribution by and distribution to owners of the Company							
- Share options exercised	84	(26)	-	-	58	-	58
Share options expenses	-	7,180	-	-	7,180	-	7,180
Total transaction with owners of the Company	84	7,154	-	-	7,238	-	7,238
Balance as at 31 December 2022	1,017,403	18,593	56,530	836,691	1,929,217	503,240	2,432,457



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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			
Six months to 31 December 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	-	-	-	-	-	337,398	337,398	28,993	366,391
Foreign currency translation differences for foreign operations	-	-	-	12,787	-	-	12,787	-	12,787
Total comprehensive income for the period	-	-	-	12,787	-	337,398	350,185	28,993	379,178
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
- Effect of issuance of Private Placement	44,868	-	-	-	-	-	44,868	-	44,868
- Share options exercised	45	-	(14)	-	-	-	31	-	31
- Warrant terminated	-	(73)	-	-	-	73	-	-	-
	280,851	(3,001)	(14)	-	-	73	227,909	285,538	513,447
Share options expenses	-	-	1,148	-	-	(41)	1,107	-	1,107
Total transaction with owners of the Company	280,851	(3,001)	1,134	-	-	32	229,016	285,538	514,554
Balance as at 31 December 2021	1,016,288	-	3,277	12,476	(734)	570,830	1,602,137	345,082	1,947,219

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



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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 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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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 31 December 2022.

8 Dividend

The Board of Directors does not recommend the payment of any dividend for the current quarter ended 31 December 2022 (31.12.2021: interim single-tier dividend of 0.6 sen).



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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	439,988	215,134	94,984	-	-	750,106
Inter-segment revenue	-	-	16,428	-	(16,428)	-
Total revenue	439,988	215,134	111,412	-	(16,428)	750,106
Segment result						
Profit/(Loss) from operations	89,650	152,029	7,508	(13,476)	-	235,711
Depreciation and amortisation	(31,433)	(34,480)	(5,590)	(51)	-	(71,554)
Reversal on receivables	135	1	4,476	-	-	4,612
Finance costs	(1,110)	(23,006)	(593)	(708)	-	(25,417)
Finance income	4,932	2,998	547	1,304	-	9,781
Profit/(Loss) before tax	62,174	97,542	6,348	(12,931)	-	153,133
Income tax expense						(50,407)
Net income after tax						102,726
Net gain attributable to non-controlling interest						(29,121)
Net profit attributable to owners of the Company						73,605
Segment assets	2,206,683	2,623,958	484,658	872,645	(1,518,378)	4,669,566
Segment liabilities	859,885	1,758,011	522,740	34,235	(937,762)	2,237,109

10 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.

11 Contingent liabilities

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

12 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 RM8.12 million as at 31 December 2022.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

13 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000
Malaysian and foreign income tax:				
Current tax expense				
- Current year	(14,031)	(4,232)	(18,130)	(6,539)
- Under provision in prior year	330	-	330	-
Total current tax expense	(13,701)	(4,232)	(17,800)	(6,539)
Deferred tax expense				
- Current year	(23,903)	5,773	(32,688)	10,623
- Under provision in prior year	81	-	81	-
Total deferred tax expense	(23,822)	5,373	(32,607)	10,623
Total tax (expense)/credit	(37,523)	1,541	(50,407)	4,084

The Group's effective tax rates are reflective of the various tax legislations within which the Group operates. For the financial period ended 31 December 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.

14 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.

15 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	

16 Derivatives

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

17 Classification of financial assets

For period ended 31 December 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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

- 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”).(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.

Below are the directions by the Court in the Case management dated 19 December 2022: -

- i. Parties are to file Written Submissions on or before 1.9.2023;
 - ii. Parties are to file Reply Submissions (if any) on or before 14.9.2023;
 - iii. Appellant to file Common Core Bundle on or before 14.9.2023;
 - iv. Next Case Management to update the Court on the compliance of directions 1 to 3 above is fixed on 14.9.2023; and
 - v. Hearing of the appeal is presently fixed on 29.9.2023.
- 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 2022 announced that the Group via its solicitor, Messrs. Chooi & Company + Cheang & Ariff (“CCA”), 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;



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

- 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”). (continued)

The Group is seeking for the following reliefs against the Defendant: (continued)

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.

During the Case Management on 30 November 2022, the Court has directed as follows:

- i. Defendant to file its Defence by 30.12.2022;
- ii. Plaintiffs to file its Reply to Defence by 13.1.2023;
- iii. Any interlocutory applications to be filed by 31.1.2023; and
- iv. Next case management is fixed on 9.2.2023.

CCA has received Ismail’s Statement of Defence dated 15.12.2022 from his Solicitor, Messrs Wan Shahrizal.

The Reply to Defence has been filed on 13.1.2023.

The next case management is fixed on 9.2.2023.

During the case management on 9.2.2023, the court has directed the following documents to be filed before 10.4.2023:

- i. Bundle of Pleadings; and
- ii. Common Core Bundle of Documents.

Further, the Parties have to provide free dates for trial between December 2023 – February 2024, during the next case management.

The next case management has been fixed on 12.4.2023.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

- c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited
 - i. Arbitration proceeding against Mimastronics Technologies Company Limited (“MIMAS”)

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 SilTerra Malaysia Sdn. Bhd. (“SilTerra”). SilTerra 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 SilTerra from Khazanah Nasional Berhad (“Khazanah”) pursuant to a Share Sale and Purchase Agreement dated 31 March 2021 between DNeX, CGP and Khazanah (“SilTerra SSPA”).

DNeX Semi and TTCL aimed to continue with the operations of SilTerra. This necessitated compliance with the conditions imposed on the manufacturing licence (“the Licence”) issued to SilTerra pursuant to the Industrial Co-ordination Act 1975. Amongst other things, it was a condition that at least 55% of the shareholding of SilTerra 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 SilTerra SSPA, it was necessary for DNeX Semi to raise a sum of RM120 million in SilTerra for the purposes specified in Schedule 4(l) of the SilTerra SSPA.

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.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

i. Arbitration proceeding against Mimastronics Technologies Company Limited (“MIMAS”). (continued)

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 SiITerra, 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.

ii. Commencement of Originating Summons by TTCL against DNeX Semi and SiITerra in relation to a shareholders' agreement dated 8 July 2021 entered between TTCL and DNeX Semi.

The Company had on 15 December 2022 announced that the Company's subsidiaries namely, DNeX Semi and SiITerra (collectively referred to as “**the Group**” or “**the Defendants**”), were served with an Originating Summons together with notice of Application (ex-parte) for injunctive relief against the Defendants via its solicitors Messrs Rahmat Lim & Partners. The cause papers were served at the registered office of the Defendants on 12 December 2022. As a result of inadvertent clerical error, the cause papers were not brought to the attention of the management of the Defendants. The notice of application sought among others, injunctive relief and remedies against the Defendants.

The notice of application was heard before the High Court on 14 December 2022. As a result of explanation given by the Defendants' counsel, the court granted an interim injunction pending hearing of the Plaintiff and Defendants on 22 February 2023.

The Company does not expect any material financial impact by reason of the relief and remedy sought by TTCL arising from the originating summon other than legal cost to be incurred. No material operational impact is expected arising from the originating summon.

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

ii. Commencement of Originating Summons by TTCL against DNeX Semi and SilTerra in relation to a shareholders' agreement dated 8 July 2021 entered between TTCL and DNeX Semi. (continued)

The Company had on 10 January 2023 announced, a Consent Order ("Consent Order") was recorded on 9 January 2023 in the High Court of Kuala Lumpur in relation to the Originating Summons No. WA-24NCC(ARB)-55-12/2022 ("OS") on mutual agreement between Tethystronics Technologies Company Limited ("TTCL"), DNeX Semiconductor Sdn. Bhd. ("DNeX Semi") and SilTerra Malaysia Sdn. Bhd. ("SilTerra"). Among others, the Consent Order provides that:-

- 1) The Ad Interim Order dated 14 December 2022 ("**Interim Injunction**") was discharged;
- 2) The Board of SilTerra shall not deliberate on matters in respect of the proceeding of the OS and impending arbitrations;
- 3) The Board of SilTerra is entitled to convene subsequent meetings in respect of other matters related to SilTerra, and that SilTerra shall remain a nominal party in the OS proceedings;
- 4) TTCL and DNeX Semi shall ensure that their respective nominee directors of SilTerra abide by the terms of the Consent Order and that such directors shall continue to act in the best interest of SilTerra;
- 5) The composition of the Board of SilTerra shall remain as at the composition prior to 21 November 2022; and
- 6) The Consent Order shall be effective and enforceable until the disposal of the OS. The Consent Order shall be discharged upon the disposal of the OS.

The Consent Order will not have any material financial impact other than legal cost to be incurred and no material operational impact is expected arising from the Consent Order. In contrary, the Consent Order will allow the Board of SilTerra to operate their business as usual with a functional Board.

The hearing of the OS has been fixed on 22 February 2023.

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and SilTerra.

The Company had on 15 December 2022 announced that it had on 14 December 2022, received a Notice of Arbitration from TTCL (“the Claimant”) via its solicitors Messrs Rahmat Lim & Partners to commence arbitration proceedings against the Company’s subsidiaries namely, DNeX Semi (“1st Respondent”) and SilTerra (“2nd Respondent”) (collectively referred to as “the Group” or “the Respondents”) under the Asian International Arbitration Centre Arbitration Rules, 2021 (“AIAC Rules”).

(a) Background

TTCL had entered into the Shareholders’ Agreement dated 8 July 2021 (“SHA”) with DNeX Semi. SilTerra become party to the SHA pursuant to the Joinder Agreement TTCL (“JA”), the Company and SilTerra dated 18 February 2022.

Disputes and differences have raised between TTCL, DNeX Semi and SilTerra (collectively, “the Parties”) in relation to or arising out of the SHA (“the Disputes”). Disputes between TTCL, DNeX Semi and SilTerra arise from the SHA, read with the JA and a further agreement as contained in a letter dated 8 July 2021 between DNeX Semi and the Company on the one part and TTCL, Beijing Integrated Circuit Advance Manufacturing and High-End Equipment Equity Investment Fund Centre (Limited Partnership) and Mimastronics Technologies Company Limited, on the other part (“Collateral Agreement”). The Collateral Agreement was entered into in connection with the SHA. In connection with the SHA, the Collateral Agreement was entered into for the purposes of, amongst other things, regulating the composition of SilTerra’s Board.

In respect of the appointment of Directors of SilTerra, it was agreed under Clause 4 of the SHA, read with the JA and the Collateral Agreement, that:

1. Unless otherwise unanimously agreed upon by TTCL, and DNeX Semi in writing, SilTerra’s Board shall consist of not more than 5 Directors.
2. The composition of SilTerra’s Board shall be mutually agreed upon TTCL and DNeX Semi in writing.
3. SilTerra’s Board shall at all times comprise of 2 persons appointed by DNeX Semi and 3 persons appointed by TTCL, DNeX Semi and TTCL have the right to remove from SilTerra’s Board the person that they have respectively appointed as Director.

However, the Company have been advised that the SHA is not binding in the Respondents for legal reasons that shall be made clear in the formal reply to be filled under the AIAC Rules.

Further, the Respondents have been advised they have legal authority and basis to appoint additional directors. The 1st Respondents have passed the necessary Members’ Written Resolutions to appoint additional directors in accordance with the prevailing terms of the Constitution (“Appointment MWR”).



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and SilTerra.(continued)

(b) Relief and Remedy sought by TTCL

Thus, TTCL demands that the Disputes be referred to arbitration pursuant to the AIAC Rules.

1. An order that DNeX Semi and SilTerra (or any of them) take the necessary steps to comply with their obligations under the SHA.
2. A declaration that Appointment MWR is illegal, invalid, null, void and/or unenforceable ("Disputed Appointments");
3. A declaration that the Disputed Appointments are illegal, invalid, null, void and/or unenforceable;
4. An order that DNeX Semi and SilTerra (or any of them) restore the composition of the board of directors of SilTerra to the composition prior to the Appointment MWR, and that SilTerra take steps to remove the Impugned Directors from SilTerra's register of its directors, managers and secretaries.
5. A declaration that the Directors' Written Resolution ("DWR") on 21 November 2022 to rescind an earlier validly passed resolution of SilTerra's Board dated 17 November 2022 and any DWR passed with the votes of Impugned Directors are illegal, invalid, null, void and/or unenforceable.
6. An order that DNeX Semi and SilTerra (or any of them) take steps to rescind the Rescission DWR and any other DWR passed with the votes of the Impugned Directors.
7. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to Appointment MWR or any resolution for the appointment of Impugned Directors.
8. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to the Rescission DWR.
9. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to any DWR passed with the votes of the Impugned Directors or to take steps to propose or pass any DWR that is dependent on the votes of the Impugned Directors.
10. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from representing to anyone or holding out the Impugned Directors as the Directors of SilTerra, or permitting the Impugned Directors as the Directors of SilTerra, or permitting the Impugned Directors or any of them to hold themselves out as the Directors of SilTerra.
11. An order for DNeX Semi to indemnify TTCL for all loss and damage suffered, the amount of which is to be assessed.
12. Damages to be assessed.
13. Interest.
14. Costs.
15. Such further orders deemed appropriate by the Tribunal.

The Company does not expect any material financial impact by reason of the relief and remedy sought by TTCL arising from the arbitration other than legal cost to be incurred. No material operational impact is expected arising from the arbitration.

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the aforesaid arbitration proceedings.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

18 Material litigation (continued)

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.

19 Comparison between the current quarter and the immediate preceding quarter

	Current quarter 31/12/2022 RM'000	Immediate preceding quarter 30/9/2022 RM'000	Variance %
Revenue	330,530	419,576	-21.2
- Technology	165,307	274,681	-39.8
- Energy	113,516	101,618	11.7
- Information Technology ("IT")	51,707	43,277	19.5
Profit/(Loss) before tax	71,999	81,134	-11.3
- Technology	(2,413)	64,587	>-100.0
- Energy	80,143	17,479	>100.0
- IT	(287)	6,554	>-100.0
- Corporate	(5,444)	(7,486)	27.3

Revenue

For the current quarter ended 31 December 2022, the Group's revenue declined by 21.2% to RM330.53 million compared with RM419.58 million in the immediate preceding quarter.

Technology Segment

Revenue from the Group Technology business segment lower by RM109.37 million (Q2, 2023: RM165.31 million; Q1, 2023: RM274.68 million) due to lower wafer shipment in anticipation with the slowdown in the global economy.

Energy Segment

The Group Energy revenue improved by RM11.90 million as compared to immediate preceding quarter (Q2, 2023: RM113.52 million; Q1, 2023: RM101.62 million) as lifted volume increase by 29.0% despite of lower net average selling prices of Brent crude oil prices (Q2, 2023: USD82.60/bbls; Q1, 2023: USD97.10/bbls).

Information Technology Segment

The Group Information Technology revenue better by RM8.43 million as compared to immediate preceding quarter (Q2, 2023: RM51.71 million; Q1, 2023: RM43.28 million) mainly due to the Subsea Telco Services contributed RM11.94 million, an increase of 2.87% (Q2, 2023: RM16.09 million; Q1, 2023: RM4.15 million) from cable installation and repair works services.

However, the Group's Trade Facilitation & eServices and Group Tech &SI business's experienced lower revenue by RM2.45 million (8.9%) and RM1.06 million (9.2%) respectively mainly due to lower trade traffic volume recorded and deferment in progress billings.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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

Profit/(Loss) Before Tax

	Current quarter 31/12/2022 Operating Profit RM'000	Net Impairment (Loss)/ Reversal RM'000	Current quarter 31/12/2022 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax ("PBT")	66,836	5,163	71,999
- Technology	(3,278)	865	(2,413)
- Energy	80,224	(81)	80,143
- IT	(4,666)	4,379	(287)
- Corporate	(5,444)	-	(5,444)

	Immediate preceding quarter 30/9/2022 Operating Profit/(Loss) RM'000	Net Impairment (Loss)/ Reversal RM'000	Immediate preceding 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)

The Group reported PBT of RM72.00 million in the current quarter with a reduction of RM9.13 million as compared to the immediate preceding quarter of RM81.13 million. In line with the decline in revenue in the current quarter, Group Technology and IT segments reported lower PBT of RM73.84 million. The Group's PBT impact was cushioned contribution from Energy segment improved by RM62.66 million in tandem with higher revenue as well as gain from unrealised foreign exchange.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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

(a) Quarter ended 31 December 2022 compared with quarter ended 31 December 2021

	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Variance %
Revenue	330,530	353,314	-6.4
- Technology	165,307	222,725	-25.8
- Energy	113,516	83,283	36.3
- IT	51,707	47,306	9.3

The Group's revenue lower by RM22.78 million (Q2, 2023: RM330.53 million; Q2, 2022: RM353.31 million) against preceding year corresponding quarter primarily due to lower wafer shipment in Technology segment. However, the impact been mitigated by Energy and IT segments with revenue improvement of RM30.23 million and RM4.40 million respectively.

	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Variance %
Profit/(Loss) before tax ("PBT")	71,999	63,364	13.6
- Technology	(2,413)	56,589	>-100.0
- Energy	80,143	13,421	>100.0
- IT	(287)	(3,088)	90.7
- Corporate	(5,444)	(3,558)	-53.0

The Group's PBT better by RM8.60 million (Q2, 2023: RM72.0 million; Q2, 2022: RM63.4 million) mainly contributed from Energy segment coupled with higher foreign exchange gain in the current quarter. The IT segment's loss before tax lower mainly due to the absence of one-off impairment loss of RM13.85 million in the preceding year corresponding quarter. However, IT segment's loss before tax in the current quarter mainly due to foreign exchange loss. Excluding foreign exchange loss of RM8.38 million and one-off impairment loss of RM12.85 million in the preceding year corresponding quarter, the IT segment's PBT improved in line with revenue. Technology segment loss in the current quarter mainly due to lower revenue.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

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

(b) Year-to-date ended 31 December 2022 compared with year-to-date ended 31 December 2021

	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000	Variance %
Revenue	750,106	624,181	20.2
- Technology	439,988	371,499	18.4
- Energy	215,134	161,294	33.4
- IT	94,984	91,388	3.9

The overall Group revenue relatively increased by RM125.93 million (YTD, 2023: RM750.11 million; YTD, 2022: RM624.18 million) against preceding year collectively contributed by every segment. The higher revenue mainly contributes by Technology segment due to higher wafer shipment against preceding year. This is followed by Energy segment which contributes to the higher revenue mainly due to higher net average selling prices of Brent crude oil prices at USD89.84/bbls (Dec 2021: USD76.50/bbls).

	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000	Variance %
Profit/(Loss) before tax ("PBT")	153,133	362,307	-57.7
- Technology	62,174	342,288	-81.8
- Energy	97,542	28,820	>100.0
- IT	6,348	(4,231)	>100.0
- Corporate	(12,931)	(4,570)	>-100.0

Excluding one-off negative goodwill of RM264.51 million and one-off impairment loss of RM11.45 million in the preceding year, the Group's PBT is higher by RM54.11 million aligned with higher revenue coupled with foreign exchange gain recorded.



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

21 Prospects for 2022/2023

Technology

Concerns over a global economic downturn have led to inventory adjustments, resulting in the short-term fluctuations in demand for semiconductors. Continuous improvement on manufacturing productivity and efficiency together with cost control focus continue to be implemented throughout this challenging time in the industry. Consequently, wafer shipment volume has been impacted as customers have reduced their orders in response to projected demand. The Group anticipates wafer shipment volume to normalize in the near-term, primarily due to the commitment of delivery volumes from our three Long-Term Agreement (“LTA”) customers.

Nevertheless, the persistent adoption of electric vehicles, IoT devices and 5G technology means that the future demand for semiconductor chips is projected to stay strong, driven by the growing needs of the automotive, data storage, and wireless connectivity industries.

In line with the technology roadmap, SilTerra has been able to gradually increase its volumes of emerging technologies, such as microelectromechanical systems (“MEMS”) and Silicon Photonics, leading to higher average selling prices (“ASP”) recorded. The addition of 10% capacity, which is slated to become operational in the latter half of 2023, will allow SilTerra to improve product mix further, leading to higher ASPs.

Energy

Ping Petroleum Limited has established its footprint in Malaysia broadening its portfolio of O&G assets with the two Production Sharing Contracts signed with Petroliaam Nasional Berhad (PETRONAS”) for the development and production of oil and gas (“O&G”) resources in offshore Terengganu and Sarawak. These assets will diversify Ping’s portfolio with long term growth opportunities with different risk profile.

The Group will leverage on its track record of being a low-cost upstream producer of late-life assets and innovator in marginal field development to maximize the economic potential of these assets.

Information Technology

Operations of the National Single Window (“NSW”) for Trade Facilitation will continue until 31 August 2024. The Group is leveraging advanced technologies such as artificial intelligence and big data analytics to expand its digital capabilities.

Efforts are being made to introduce new Business-to-Business (B2B) services under Trade Facilitation and to grow the orderbook of System Integration and Consultancy projects to improve market share in the public and private sectors, both locally and internationally.

22 Variance for actual and forecast profit

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



DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 31 December 2022

23 Earnings per share

Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000
Profit attributable to the Owners of the Company	31,883	43,834	73,605	337,398
Number of ordinary shares at beginning of the period	3,156,331	3,090,706	3,156,255	2,724,686
Effect of new ordinary shares issued	-	35,105	74	334,116
Weighted average number of ordinary shares	<u>3,156,331</u>	<u>3,125,811</u>	<u>3,156,329</u>	<u>3,058,802</u>
Basic earnings per share (sen)	1.01	1.40	2.33	11.03

Diluted earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Six months to 31/12/2022 RM'000	Six months to 31/12/2021 RM'000
Profit attributable to the Owners of the Company	31,883	43,834	73,605	337,398
Weighted average number of ordinary shares as per basic earnings per share	3,156,331	3,125,811	3,156,329	3,058,802
Effect of potential exercise of ESOS	2,566	981	646	849
Weighted average number of ordinary shares	<u>3,158,897</u>	<u>3,126,792</u>	<u>3,156,975</u>	<u>3,059,651</u>
Diluted earnings per share (sen)	1.01	1.40	2.33	11.03

24 Authorisation for issue

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

Kuala Lumpur
20 February 2023

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