DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

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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 30/6/2023 RM'000	Preceding year corresponding quarter 30/6/2022 RM'000	Twelve months to 30/6/2023 RM'000	Twelve months to 30/6/2022 RM'000
Revenue	**275,015**	**450,568**	**1,301,831**	**1,457,385**
Cost of sales	(209,263)	(239,118)	(889,667)	(826,842)
Gross profit	65,752	211,450	412,164	630,543
Other income	8,158	8,635	28,198	17,027
Expenses	(52,170)	(48,520)	(255,138)	(222,550)
Foreign exchange gain/(loss)	5,588	(17,930)	29,406	(26,321)
Finance cost	(12,929)	(12,814)	(50,511)	(50,217)
Effect from business combination	-	-	-	264,508
Profit before income tax	**14,399**	**140,821**	**164,119**	**612,990**
Income tax credit/(expense) (Note 14)	22,893	122,861	(305,487)	94,922
Zakat	(1,051)	(638)	(1,051)	(638)
Profit/(Loss) for the period	36,241	263,044	(142,419)	707,274
Loss/(Gain) attributable to non-controlling interest	11,264	(102,454)	23,763	(157,687)
Profit/(Loss) attributable to owners of the Company	**47,505**	**160,590**	**(118,656)**	**549,587**
Earnings/(Loss) per share				
Basic	1.51 sen	5.09 sen	(3.76) sen	17.68 sen
Diluted	1.51 sen	5.08 sen	(3.72) sen	17.67 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 30/6/2023 RM'000	**Preceding year corresponding quarter 30/6/2022 RM'000**	**Twelve months to 30/6/2023 RM'000**	**Twelve months to 30/6/2022 RM'000**
Other comprehensive income/(loss) for the period, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Profit/(Loss) for the period	36,241	263,044	(142,419)	707,274
Foreign currency translation differences for foreign operations	64,345	43,241	49,683	63,362
Total comprehensive income/(loss)	100,586	306,285	(92,736)	770,636
Total comprehensive loss/(gain) attributable to non-controlling interest	11,264	(102,454)	23,763	(157,687)
Total comprehensive income/(loss) attributable to owners of the Company	**111,850**	**203,831**	**(68,973)**	**612,949**

As announced on 17 August 2023, the financial year end of the Group has been changed from 30 June to 31 December. As such, the next audited financial statements shall be for a period of eighteen (18) months from 1 July 2022 to 31 December 2023 and thereafter; the financial year end shall be 31 December for each subsequent year.

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 30/6/2023 RM'000	**Preceding year corresponding quarter 30/6/2022 RM'000**	**Twelve months to 30/6/2023 RM'000**	**Twelve months to 30/6/2022 RM'000**
Profit/(Loss) before income tax is arrived at after charging/(crediting):				
Interest income	(6,818)	(2,472)	(22,694)	(6,856)
Net impairment (gain)/loss on receivables	(3,175)	(2,008)	(7,743)	9,506
Impairment of property, plant & equipment	-	-	23,337	-
Interest expense	12,929	12,814	50,511	50,217
Depreciation and amortisation	42,879	11,772	150,121	120,802
Net realised and unrealised foreign exchange (gain)/loss	(5,588)	20,229	(29,406)	28,620
Effect from business combination	-	-	-	(264,508)

As announced on 17 August 2023, the financial year end of the Group has been changed from 30 June to 31 December. As such, the next audited financial statements shall be for a period of eighteen (18) months from 1 July 2022 to 31 December 2023 and thereafter; the financial year end shall be 31 December for each subsequent year.

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 30/6/2023 RM'000	Audited As at 30/6/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,224,329	1,748,810
Right-of-use assets	56,332	56,467
Intangible assets	1,169,346	1,028,596
Deferred tax assets	127,894	159,020
Trade and other receivables	23,197	144,273
Cash and cash equivalents (restricted)	343,130	260,672
	3,944,228	3,397,838
Current assets		
Inventories	132,171	147,970
Contract assets	50,069	43,778
Trade and other receivables	291,269	276,308
Current tax assets	6,808	5,212
Cash and cash equivalents	417,428	754,524
	897,745	1,227,792
Total assets	**4,841,973**	**4,625,630**
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	1,017,403	1,017,319
Share option reserve	19,467	11,439
Translation reserve	112,738	63,055
Retained earnings	645,819	763,086
	1,795,427	1,854,899
Non-controlling Interests	450,356	474,119
Total equity	2,245,783	2,329,018
Non-current liabilities		
Deferred tax liabilities	899,850	638,262
Loan and borrowings (secured)	245,151	232,784
Long term obligations and provision	2,888	7,320
Lease liabilities	1,063	74
Provision for decommissioning costs	484,582	422,667
Contract liabilities	312,088	342,748
	1,945,622	1,643,855
Current liabilities		
Contract liabilities	302,939	220,977
Trade and other payables	276,939	286,171
Loan and borrowings (secured)	43,787	86,575
Lease liabilities	900	679
Current tax liabilities	26,003	58,355
	650,568	652,757
Total liabilities	2,596,190	2,296,612
Total equity and liabilities	**4,841,973**	**4,625,630**
Net assets per share attributable to Owners of the Company (RM)	**0.57**	**0.59**

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 30/6/2023 RM'000	Audited As at 30/6/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,283,550	1,682,319
Cash payments to suppliers	(776,862)	(811,154)
Cash payments to employee and other expenses	(235,771)	(223,238)
Cash generated from operations	270,917	647,927
Income tax paid (net)	(83,561)	(20,365)
Zakat	(1,023)	(746)
Net cash generated from operating activities	186,333	626,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, and intangible assets	(394,555)	(266,090)
Proceeds from disposal of plant and equipment	8	2,071
Interest received	12,802	6,699
Acquisition of a subsidiary	-	(77,285)
Cash inflow from disposal of a subsidiary	-	80
Net cash used in investing activities	(381,745)	(334,525)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrant conversion	-	183,010
Proceeds from issuance of shares	-	44,868
Proceeds from share options exercised	57	734
Bank borrowings (net)	(34,277)	79,614
Dividend paid to owners of the Company	-	(18,934)
Payment of finance cost	(30,935)	(34,624)
Payment of lease liabilities	(108)	(1,346)
Increase in pledged deposits and restricted cash	(81,570)	(174,694)
Net cash (used in)/generated from financing activities	(146,833)	78,628
Net Change in Cash and Cash Equivalents	(342,245)	370,919
Cash and cash equivalents as at beginning of financial period	698,056	252,448
Effect of exchange rate fluctuations on cash held	8,337	74,689
Cash and cash equivalents as at end of financial period (a)	364,148	698,056

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

	As at 30/6/2023 RM'000	As at 30/6/2022 RM'000
Cash and deposits with licensed banks		
- Unrestricted	366,533	702,741
- Restricted and pledged	394,025	312,455
	760,558	1,015,196
Less: Cash and cash equivalents pledged as security	(394,025)	(312,455)
Less: Bank overdrafts	(2,385)	(4,685)
Cash and cash equivalents as at end of financial period	**364,148**	**698,056**

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						
	Non-distributable			Distributable			
	Share capital	Share option reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Twelve months to 30 June 2023							
Balance as at 1 July 2022	1,017,319	11,439	63,055	763,086	1,854,899	474,119	2,329,018
Loss for the period	-	-	-	(118,656)	(118,656)	(23,763)	(142,419)
Foreign currency translation differences for foreign operations	-	-	49,683	-	49,683	-	49,683
Total comprehensive loss for the period	-	-	49,683	(118,656)	(68,973)	(23,763)	(92,736)
Contribution by and distribution to owners of the Company							
- Share options exercised	84	(26)	-	-	58	-	58
- Share options forfeited	-	(1,389)	-	1,389	-	-	-
	84	(1,415)	-	1,389	58	-	58
Share options expenses	-	9,443	-	-	9,443	-	9,443
Total transaction with owners of the Company	84	8,028	-	1,389	9,501	-	9,501
Balance as at 30 June 2023	1,017,403	19,467	112,738	645,819	1,795,427	450,356	2,245,783

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

In RM'000	Attributable to Owners of the Company								
	Non-distributable								
	Share capital	Warrant reserve	Share option reserve	Translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Twelve months to 30 June 2022									
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	-	-	-	-	-	549,587	549,587	157,687	707,274
Foreign currency translation differences for foreign operations	-	-	-	63,362	-	-	63,362	-	63,362
Total comprehensive income for the period	-	-	-	63,362	-	549,587	612,949	157,687	770,636
Contribution by and distribution to owners of the Company									
Issuance of shares									
- Effect on conversion of Warrant	185,938	(2,928)	-	-	-	-	183,010	-	183,010
- Warrant lapsed	-	(73)	-	-	-	73	-	-	-
- Share options exercised	1,076	-	(342)	-	-		734	-	734
- Share options forfeited	-	-	(41)	-	-	41	-	-	-
- Effect of issuance of Private Placement	44,868	-	-	-	-		44,868	-	44,868
	231,882	(3,001)	(383)	-	-	114	228,612	-	228,612
Dividend to owners of the Company	-	-	-	-	-	(18,934)	(18,934)	-	(18,934)
Share options expenses	-	-	9,679	-	-	-	9,679	-	9,679
Changes in a subsidiary's ownership interests that does not result in loss of control	-	-	-	-	-	(438)	(438)	438	-
Realisation of exchange translation reserve	-	-	-	4	-	(4)	-	-	-
Realisation of fair value reserve	-	-	-	-	734	(734)	-	-	-
Total transaction with owners of the Company	231,882	(3,001)	9,296	4	734	(19,996)	218,919	438	219,357
Acquisition of subsidiaries	-	-	-	-	-	-	-	285,538	285,538
Derecognition of a subsidiary	-	-	-	-	-	95	95	(95)	-
Balance as at 30 June 2022	1,017,319	-	11,439	63,055	-	763,086	1,854,899	474,119	2,329,018

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 June 2023, 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 Change of Financial Year End

As announced on 17 August 2023, the Company changed its financial year end from 30 June to 31 December. As a result, the next audited financial statements shall be for a period of eighteen (18) months from 1 July 2022 to 31 December 2023 and thereafter; the financial year end shall be 31 December for each subsequent year.

3 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:

3.1 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.

3.2 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.

4 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.

5 Seasonal or cyclical factors

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

6 Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

7 Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

8 Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30 June 2023.

9 Dividend

The Board of Directors does not recommend the payment of any dividend for the current quarter ended 30 June 2023 (30.6.2022: interim single-tier dividend of 0.6 sen).

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10 Segmental information for the current period

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

Business segment 2022/2023	**Technology RM'000**	**Energy RM'000**	**Information Technology RM'000**	**Corporate RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue from external customers	696,579	410,511	194,741	-	-	1,301,831
Inter-segment revenue	-	-	30,591	20,852	(51,443)	-
Total revenue	696,579	410,511	225,332	20,852	(51,443)	1,301,831
Segment result						
Profit/(Loss) from operations	68,636	269,766	45,845	(6,605)	(19,990)	357,652
Depreciation and amortisation	(66,065)	(71,986)	(11,802)	(268)	-	(150,121)
(Impairment)/Reversal on receivables	(1,986)	(255)	9,984	-	-	7,743
Impairment of property, plant & equipment	-	-	(23,337)	-	-	(23,337)
Finance costs	(1,707)	(45,907)	(1,317)	(1,581)	-	(50,512)
Finance income	9,082	10,167	843	2,602	-	22,694
Profit/(Loss) before tax	7,960	161,785	20,216	(5,852)	(19,990)	164,119
Income tax expense						(305,487)
Zakat						(1,051)
Net loss after tax						(142,419)
Net loss attributable to non-controlling interest						23,763
Net loss attributable to owners of the Company						(118,656)
Segment assets	2,168,578	2,843,594	540,706	894,419	(1,605,324)	4,841,973
Segment liabilities	906,076	2,083,186	581,186	42,537	(1,016,795)	2,596,190

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.

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 RM51.58 million as at 30 June 2023.

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2023 RM'000	Preceding year corresponding quarter 30/6/2022 RM'000	Twelve months to 30/6/2023 RM'000	Twelve months to 30/6/2022 RM'000
Malaysian and foreign income tax:				
Current tax expense				
- Current year	(13,518)	(12,020)	(65,446)	(45,379)
- (Under)/Over provision in prior year	-	(2)	28	(1,659)
Total current tax expense	(13,518)	(12,022)	(65,418)	(47,038)
Deferred tax credit/ (expense)				
- Current year	36,411	134,807	(256,984)	141,884
- Over provision in prior year	-	76	16,915	76
Total deferred tax credit/(expense)	36,411	134,883	(240,069)	141,960
Total tax credit/(expense)	22,893	122,861	(305,487)	94,922

The Group's effective tax rates are reflective of the various tax legislations within which the Group operates. For the financial period ended 30 June 2023, 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.

Current year deferred tax expenses were mainly in relation to enaction of Energy Profit Levy ("EPL"), a temporary levy introduced by UK Government on 14 July 2022. The EPL was set at 25% for profits arising from 26 May 2022 to 31 December 2022 and 35% for profits arising from 1 January 2023 to 31 March 2028. The deferred tax expense mainly arising from the EPL regime of RM252.40 million based on the taxable temporary differences expected to be reverse during the window for which the EPL regime applies, i.e. up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028. In the current year quarter deferred tax includes net deferred tax assets of RM52.40 million attributable to the EPL.

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	34,690	15,178	Within 12 months
Estimated expenses	100	100	-	Upon completion
	163,605	148,427	15,178	

17 Derivatives

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

18 Classification of financial assets

For period ended 30 June 2023, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

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.

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.

Hearing of the appeal is fixed on 10 July 2024 differed from earlier date of 29 September 2023.

19 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 Hutama ("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.
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 1 August 2023, the Court has directed for the trial to be fixed for 22, 23, 24, 30, 31 January 2024 and 5 February 2024.

19 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(I) 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.

19 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 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.

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.

The Company had on 15 December 2022 announced that the Company's subsidiaries namely, DNeX Semi and SilTerra (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.

19 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.

19 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").

19 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 Recission 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.

19 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.

20 Comparison between the current quarter and the immediate preceding quarter

	Current quarter 30/6/2023 RM'000	Immediate preceding quarter 31/3/2023 RM'000	Variance %
Revenue	275,015	276,710	-0.6
- Technology	128,075	128,516	-0.3
- Energy	91,676	103,701	-11.6
- Information Technology ("IT")	55,264	44,493	24.2
Profit/(Loss) before tax	14,399	(3,413)	>100.0
- Technology	(25,716)	(28,498)	9.8
- Energy	22,396	41,847	-46.5
- IT	21,885	(8,017)	>100.0
- Corporate	(4,166)	(8,745)	52.4

Revenue

The overall reduction of 0.6% in Group's revenue for the current quarter ended 30 June 2023, was mainly from Group Technology and Energy segments. However, the impact mitigated by contribution from Group IT segment as compared with immediate preceding quarter.

Technology Segment

Revenue from the Group Technology business segment lower by RM0.45 million (Q4, 2023: RM128.07 million; Q3, 2023: RM128.52 million) due to lower wafer shipment.

Energy Segment

The Group Energy revenue slightly lower by RM12.02 million as compared to immediate preceding quarter (Q4, 2023: RM91.68 million; Q3, 2023: RM103.70 million) mainly due to lower lifting volume.

Information Technology Segment

The Group Information Technology revenue improved by RM10.77 million as compared to immediate preceding quarter (Q4, 2023: RM55.26 million; Q3, 2023: RM44.49 million) mainly due to:

- Progress completion on the cable installation and repair works services from Subsea Telco Services project. The revenue higher by RM7.85 million or 55.3% (Q4, 2023: RM22.03 million; Q3, 2023: RM14.18 million).
- Group's Trade Facilitation & e-Services revenue increase by RM2.34 million or 9.8% (Q4, 2023: RM26.20 million; Q3, 2023: RM23.86 million) due to progressive revenue recognition from Mecca Route project.
- While Group Tech&SI business' revenue also improved by RM0.59 million or 9.1% (Q4, 2023: RM7.04 million; Q3, 2023: RM6.45 million) in tandem with completion and progressive work done of certain projects.

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

Profit/(Loss) Before Tax

	Current quarter 30/6/2023 Operating Profit/(Loss) RM'000	Net Impairment (Loss)/ Reversal RM'000	Current quarter 30/6/2023 Profit/(Loss) Before Tax RM'000
Profit before tax ("PBT")	11,224	3,175	14,399
- Technology	(23,764)	(1,952)	(25,716)
- Energy	22,602	(206)	22,396
- IT	16,552	5,333	21,885
- Corporate	(4,166)	-	(4,166)

	Immediate preceding quarter 31/3/2023 Operating Profit/(Loss) RM'000	Net Impairment (Loss)/ Reversal RM'000	Immediate preceding quarter 31/3/2023 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax	19,968	(23,381)	(3,413)
- Technology	(28,329)	(169)	(28,498)
- Energy	41,897	(50)	41,847
- IT	15,145	(23,162)	(8,017)
- Corporate	(8,745)	-	(8,745)

The Group reported PBT of RM11.22 million in the current quarter with a reduction of RM8.75 million as compared to the immediate preceding quarter of RM19.97 million (excluding net impairment loss totalling RM23.38 million). In line with decline in revenue of Group Energy, the segment reported lower PBT of RM19.30 million in the current quarter. While Group Technology and IT segments reported better PBT of RM4.57 million and RM1.41 million respectively.

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

(a) Quarter ended 30 June 2023 compared with quarter ended 30 June 2022

	Current year quarter 30/6/2023 RM'000	**Preceding year corresponding quarter 30/6/2022 RM'000**	**Variance %**
Revenue	275,015	450,568	-39.0
- Technology	128,075	254,094	-49.6
- Energy	91,676	135,722	-32.5
- IT	55,264	60,752	-9.0
Profit/(Loss) before tax	14,399	140,821	-89.8
- Technology	(25,716)	85,661	>-100.0
- Energy	22,396	31,965	-29.9
- IT	21,885	28,260	-22.6
- Corporate	(4,166)	(5,065)	17.7

Revenue

The overall Group's revenue lower by RM175.56 million (Q4, 2023: RM275.01 million; Q4, 2022: RM450.57 million) against preceding year corresponding quarter primarily collectively contributed from every segment in the Group. The Group Technology revenue reduce by RM126.02 million (Q4, 2023: RM 128.07 million; Q4, 2022: RM254.09 million) due to lower wafer shipment. The Group Energy's revenue also lower by RM44.04 million as compared to preceding year corresponding quarter (Q4, 2023: RM91.68 million; Q4, 2022: RM135.72 million). While IT segments revenue reduce by RM5.49 million (Q4, 2023: RM55.26 million; Q4, 2022: RM60.75 million) as compared to preceding year corresponding quarter due to conclusion of certain projects.

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

(a) Quarter ended 30 June 2023 compared with quarter ended 30 June 2022 (continued)

<u>Profit/(Loss) Before Tax</u>

	Current year 30/6/2023 Operating Profit RM'000	Net Impairment (Loss)/ Reversal RM'000	Current quarter 30/6/2023 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax	11,224	3,175	14,399
- Technology	(23,764)	(1,952)	(25,716)
- Energy	22,602	(206)	22,396
- IT	16,552	5,333	21,885
- Corporate	(4,166)	-	(4,166)

	Preceding year corresponding quarter 30/6/2022 Operating Profit/(Loss) RM'000	Net Impairment (Loss)/ Reversal RM'000	Preceding Year corresponding quarter 30/6/2022 Profit/(Loss) Before Tax RM'000
Profit/(Loss) before tax	138,813	2,008	140,821
- Technology	85,536	125	85,661
- Energy	29,700	2,265	31,965
- IT	28,642	(382)	28,260
- Corporate	(5,065)	-	(5,065)

The Group PBT is lower by RM127.59 million prices (Q4, 2023: RM11.22; million Q4, 2022: RM138.81 million) against preceding year corresponding quarter. Lower wafer shipment in Group Technology, lower net average selling price of Brent crude oil prices (Q4, 2023: USD74.7/bbls; Q4, 2022: USD115.01/bbls) and conclusion of project in Group IT in the preceding year corresponding quarter are the major reason to lower Group PBT in current year quarter.

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

(b) Year-to-date ended 30 June 2023 compared with year-to-date ended 30 June 2022

	Twelve months to 30/6/2023 RM'000	Twelve months to 30/6/2022 RM'000	Variance %
Revenue	1,301,831	1,457,385	-10.7
- Technology	696,579	857,668	-18.8
- Energy	410,511	399,885	2.7
- IT	194,741	199,832	-2.5
Profit/(Loss) before tax ("PBT")	164,119	612,990	-73.2
- Technology	7,960	490,858	-98.4
- Energy	161,785	106,121	52.5
- IT	20,216	33,802	-40.2
- Corporate	(25,842)	(17,791)	-45.3

Revenue

The overall Group revenue relatively lower by RM155.55 million (YTD, 2023: RM1,301.83 million; YTD, 2022: RM1,457.38 million) against preceding year. The Group Technology reported decrease in revenue by RM161.09 million (YTD, 2023: RM696.58 million; YTD, 2023: RM857.67 million) as a result of the lower wafer shipment and Group IT's revenue also slightly lower by RM5.09 million (YTD, 2023: RM194.74 million; YTD, 2022: RM199.83 million). However, the Group Energy's revenue improved by RM10.63 million (YTD, 2023: RM410.51 million; YTD, 2022: RM399.88 million) due to higher lifted volume in current year at net average selling price of Brent crude oil price of USD74.7/bbls (YTD, 2022: USD102.5/bbls).

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

(b) Year-to-date ended 30 June 2023 compared with year-to-date ended 30 June 2022 (continued)

Profit/(Loss) Before Tax

	Twelve months to 30/6/2023 Operating Profit/(Loss) RM'000	**Net Impairment (Loss)/ Reversal RM'000**	**Twelve months to 30/6/2023 Profit/(Loss) Before Tax RM'000**
Profit before tax	179,713	(15,594)	164,119
- Technology	9,946	(1,986)	7,960
- Energy	162,040	(255)	161,785
- IT	33,569	(13,353)	20,216
- Corporate	(25,842)	-	(25,842)

	Twelve months to 30/6/2022 Operating Profit/(Loss) RM'000	**Net Impairment (Loss)/ Reversal & Effect from Business Combination RM'000**	**Twelve months to 30/6/2022 Profit/(Loss) Before Tax RM'000**
Profit before tax	357,988	255,002	612,990
- Technology	225,279	265,579	490,858
- Energy	103,749	2,372	106,121
- IT	46,938	(13,136)	33,802
- Corporate	(17,978)	187	(17,791)

Excluding one-off negative goodwill arises from business combination of RM264.51 million and one-off impairment loss of RM-9.51 million in the preceding year, the Group's PBT is lower by RM178.29 million (YTD, 2023: RM179.71 million; YTD, 2022: RM358.00 million) aligned with lower revenue mainly in Technology segment due to lower wafer shipment however the impact cushioned by higher PBT from Energy segment and net gain impact from foreign exchange.

22 Prospects for 2022/2023

Technology

Rising interest rates globally have led to recessionary fears and global slowdown in consumer spending. As a result, demand for semiconductors in consumer electronics like PCs, smartphones and tablets have decreased.

However, the on-going semiconductor cyclical downturn is expected to be short-term with long-term growth prospects driven by new technologies in artificial intelligence, IoT and 5G technology.

The Group remains focused on enhancing production of emerging technologies, such as microelectromechanical systems (“MEMS”) and Silicon Photonics which will give better average selling price and profitability. In addition, the Group has also secured new customers with on-going product qualifications which will benefit the Group.

Energy

The improving economic outlook in the O&G sector will spur activities across the O&G upstream and downstream sector. Petroliam Nasional Berhad (PETRONAS) has projected a capital expenditure of RM300 billion for 2023-2027. This outlook bodes well for OGPC Group, which is a service provider and distributor of technical products and equipment for the O&G sector. Leveraging on this, we are accelerating our efforts to strengthen and expand OGPC’s market presence.

In line with Ping Petroleum Limited’s strategy of diversifying the O&G asset portfolio across geographical locations, the Group will focus on developing the Malaysian O&G assets, starting with the Meranti Cluster, a brownfield asset offshore Kuala Terengganu. We are confident in replicating our expertise in managing late-life brownfield O&G assets by keeping production costs under USD30 per barrel, which has been effective at the Anasuria Cluster in the North Sea, United Kingdom.

In addition, the reversal of deferred tax liability arising from the enactment of the Energy Profit Levy (EPL) by UK Government to the profit or loss statement by 31 March 2028 will have positive impact as it reduces our tax expense during the window for which the EPL regime applies.

Information Technology

We aim to be the preferred technology partner for all sectors and are developing solutions that drive digitalisation to enhance efficiencies and lower operating costs for our users. These include the development of a SuperApp for Trade Facilitation, a one stop portal to easily connect exporters and importers with Government agencies and trade enablers such as logistics players, insurance and banks. It simplifies trading operations and allow users to operate, pay and manage the trades from their mobile devices. We also introduced eGAD (ERP for Government Agency Digital System), a cloud-based financial and accounting solution designed utilising SAP Cloud platform.

Building upon the Group’s expertise in trade facilitation as operator of National Single Window (NSW) since 2009, and successful completion of nationally critical, large-scale IT projects for the Malaysian Government, such as iGFMAS (Government Financial Management Accounting System) and LHDN’s tax self-assessment system, the Group is actively tendering for digitalisation projects from the public and private sectors within Malaysia as well as abroad.

Together with MIMOS Berhad, the Group is exploring opportunities in Government projects and initiatives to expand in new technology areas like software development, network systems, cloud computing and the Fourth Industrial Revolution (IR 4.0).

23 Variance for actual and forecast profit

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

24 Earnings per share

Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2023 RM'000	Preceding year corresponding quarter 30/6/2022 RM'000	Twelve months to 30/6/2023 RM'000	Twelve months to 30/6/2022 RM'000
Profit/(Loss) attributable to the Owners of the Company	47,505	160,590	(118,656)	549,587
Number of ordinary shares at beginning of the period	3,156,331	3,155,734	3,156,255	2,724,685
Effect of new ordinary shares issued	-	329	74	382,185
Weighted average number of ordinary shares	3,156,331	3,156,063	3,156,329	3,106,870
Basic earnings/(loss) per share (sen)	1.51	5.09	(3.76)	17.68

Diluted earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2023 RM'000	Preceding year corresponding quarter 30/6/2022 RM'000	Twelve months to 30/6/2023 RM'000	Twelve Months To 30/6/2022 RM'000
Profit/(Loss) attributable to the Owners of the Company	47,505	160,590	(118,656)	549,587
Weighted average number of ordinary shares as per basic earnings per share	3,156,331	3,156,063	3,156,329	3,106,870
Effect of potential exercise of ESOS	-	3,754	28,885	3,119
Weighted average number of ordinary shares	3,156,331	3,159,817	3,185,214	3,109,989
Diluted earnings/(loss) per share (sen)	1.51	5.08	(3.72)	17.67

25 Authorisation for issue

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

Kuala Lumpur
28 August 2023

By Order of the Board
CHIN WAI YI (MAICSA 7069783)
Company Secretary