

THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. You should address all enquiries concerning the Rights Issue of Shares with Warrants (as defined herein) to our share registrar, ShareWorks Sdn Bhd (“Share Registrar”) at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia.

This AP together with the Notice of Provisional Allotment (“NPA”) and Rights Subscription Form (“RSF”) (collectively referred to as “Documents”) are only despatched to our shareholders (“Entitled Shareholders”) whose names appear in our Record of Depositors as at 5.00 p.m. on 18 May 2016 (“Entitlement Date”) at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company, TA Securities Holdings Berhad (“TA Securities”) and/or other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia (“SC”). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 21 January 2016. Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letters dated 28 August 2015 and 17 December 2015 approved the admission of the Warrants (as defined herein) to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein), Warrants and the new NetX Shares (as defined herein) to be issued upon the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. The admission of the Warrants to the Official List of the ACE Market of Bursa Securities, listing of and quotation for the Rights Shares, Warrants and new NetX Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board of Directors (“Board”) has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board’s knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN.



NETX HOLDINGS BERHAD

(Company No. 533441-W)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 625,553,033 NEW ORDINARY SHARES OF RM0.05 EACH IN NETX HOLDINGS BERHAD (“NETX SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING NETX SHARE HELD AS AT 5.00 P.M. ON 18 MAY 2016 AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE, TOGETHER WITH UP TO 625,553,033 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR (“RIGHTS ISSUE OF SHARES WITH WARRANTS”)

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	: Wednesday, 18 May 2016 at 5.00 p.m.
Last date and time for:	
Sale of provisional allotment of rights	: Wednesday, 25 May 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	: Monday, 30 May 2016 at 4.00 p.m.
Acceptance and payment	: Thursday, 2 June 2016 at 5.00 p.m.*
Excess application and payment	: Thursday, 2 June 2016 at 5.00 p.m.*

* or such later date and time as our Board may decide at their absolute discretion and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 18 May 2016

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

“5D-VWAP”	: Five (5)-day volume weighted average market price
“ACE Market”	: ACE Market of Bursa Securities
“Acquirer”	: An entity (bank or non-bank) registered with BNM that provides merchant acquiring services, including, <i>inter-alia</i> , signing up merchants, deploying EFTPOS terminals for payment cards and accepting card payments on behalf of merchants
“Act”	: Companies Act, 1965 as amended, modified or re-enacted from time to time
“Adviser”	: Any person who is eligible to act as principal adviser under the Principal Adviser Guidelines issued by the SC
“AP”	: This Abridged Prospectus issued by our Company dated 18 May 2016
“Ariantec”	: Ariantec Sdn Bhd
“Asiabio” or “Undertaking Shareholder”	: Asiabio Capital Sdn Bhd, a wholly-owned subsidiary of Asia Bioenergy Technologies Berhad (a company listed on the ACE Market of Bursa Securities)
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CAGR”	: Compounded annual growth rate
“CDS”	: An account established by Bursa Depository or its successor-in-title or any other approved depository under SICDA
“CMSA”	: Capital Markets and Services Act 2007
“Code”	: Malaysian Code on Take-overs and Mergers 2010
“Corporate Exercises”	: Par Value Reduction, Rights Issue of Shares with Warrants, SIS and Increase in Authorised Share Capital, collectively
“Deed Poll”	: The document constituting the Warrants dated 4 May 2016
“Director”	: A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“EFTPOS”	: Electronic funds transfer at point-of-sale
“EGM”	: Extraordinary general meeting of our Company held on 21 January 2016

DEFINITIONS (CONT'D)

“Eligible Person(s)”	:	An employee (i.e., a natural person who is employed by any company within our Group (excluding dormant subsidiaries) under a contract of service or for service, excluding a Director of our Group) who meets the criteria of eligibility for participation in the SIS as stiputed under the bylaws governing the SIS
“Entitled Shareholders”	:	The shareholders of our Company whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	18 May 2016 at 5.00 p.m. being the date and time on which our shareholders must appear in the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“GDP”	:	Gross domestic product
“GL”	:	Gross loss
“GP”	:	Gross profit
“ICT”	:	Information and communications technology
“IMR Report”	:	Independent market research report on the Electronic Payment Industry in Malaysia and the Internet of Things dated 29 April 2016, prepared by Infobusiness
“Increase in Authorised Share Capital”	:	Increase in the authorised share capital of our Company from RM70,000,000 comprising 1,400,000,000 NetX Shares (after the Par Value Reduction) to RM250,000,000 comprising 5,000,000,000 NetX Shares which took effect immediately after the Par Value Reduction
“Infobusiness”	:	Infobusiness Research & Consulting Sdn Bhd, the independent market researcher
“Issue Price”	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.05 per Rights Share
“IT”	:	Information technology
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions thereto
“LPD”	:	4 May 2016, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per Share
“Market Day”	:	A day on which the stock market of Bursa Securities is open for trading in securities
“Master Merchant”	:	An entity involved in the recruitment of merchants to agree to the acceptance of card as a form of payment for goods and/or services using the EFTPOS terminals

DEFINITIONS (CONT'D)

“Maximum Scenario”	:	Assuming all the Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Rights Issue of Shares with Warrants
“MFRS-2”	:	Malaysian Financial Reporting Standard 2 – Share-based Payment
“Minimum Scenario”	:	Assuming only the Undertaking Shareholder fully subscribes for the Rights Issue of Shares with Warrants in accordance with its Undertaking
“Minimum Subscription Level”	:	A minimum subscription level of 90,000,000 Rights Shares together with 90,000,000 Warrants pursuant to the Undertaking
“NA”	:	Net assets attributable to ordinary equity holders of our Company
“NetX” or “Company”	:	NetX Holdings Berhad
“NetX Group” or “Group”	:	NetX and our subsidiaries
“NetX Shares” or “Shares”	:	Ordinary shares of of RM0.10 each in our Company before the Par Value Reduction or ordinary shares of RM0.05 each in our Company after the Par Value Reduction, as the case may be
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
“NTA”	:	Net tangible assets
“Option Price”	:	The price at which the grantee is entitled to subscribe for the new NetX Shares
“Par Value Reduction”	:	The reduction of the issued and paid-up share capital of our Company via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in our Company to RM0.05 each in our Company pursuant to Section 64 of the Act, which was completed on 11 March 2016
“PAT”	:	Profit after taxation
“Payallz”	:	Payallz Sdn Bhd
“PBT”	:	Profit before taxation
“Record of Depositors”	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 625,553,033 new NetX Shares on the basis of one (1) Rights Share for every one (1) existing NetX Share held at the Entitlement Date, together with up to 625,553,033 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for
“Rights Shares”	:	Up to 625,553,033 new NetX Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
“Rules of Bursa Depository”	:	Rules of Bursa Depository as issued pursuant to the SICDA as amended, modified or re-enacted from time to time
“SC”	:	Securities Commission Malaysia

DEFINITIONS (CONT'D)

“Share Registrar”	: ShareWorks Sdn Bhd
“SICDA”	: Securities Industry (Central Depositories) Act, 1991 as amended, modified or re-enacted from time to time
“SIS”	: Share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) at any one time during the duration of the share issuance scheme for the Eligible Persons, to be established after the completion of the Rights Issue of Shares with Warrants
“SIS Options”	: The right of a grantee to subscribe for new NetX Shares, as granted under the SIS
“TA Securities”	: TA Securities Holdings Berhad
“TERP”	: Theoretical ex-rights price
“Undertaking”	: Unconditional and irrevocable written undertaking dated 13 October 2015 from the Undertaking Shareholder that it will subscribe in full of its entitlement of 56,000,000 Rights Shares with Warrants and will apply for 34,000,000 additional Rights Shares with Warrants in excess of its entitlement prior to the closing date
“Warrants”	: Up to 625,553,033 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

All references to “**our Company**” and/or “**NetX**” in this AP are to NetX Holdings Berhad. References to “**our Group**” and/or “**NetX Group**” are to NetX and our subsidiaries and references to “**we**”, “**us**” “**our**” and “**ourselves**” are to NetX and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Age	Nationality	Profession
Tengku Ahmad Badli Shah Bin Raja Hussin <i>(Chairman / Independent Non-Executive Director)</i>	No. 1, Jalan Mewah 1 Kemensah Heights 68000 Ampang Selangor Darul Ehsan	47	Malaysian	Company Director
Tan Sik Eek <i>(Executive Director)</i>	Unit D16-15, 16 th Floor Residency @ Park 51 Jalan 51A/241, Seksyen 51A 47000 Petaling Jaya Selangor Darul Ehsan	40	Malaysian	Company Director
Chu Chee Peng <i>(Independent Non-Executive Director)</i>	No. 3A, Jalan SP4 Taman Saujana Palma 43000 Kajang Selangor Darul Ehsan	45	Malaysian	Company Director
Yong Ket Inn <i>(Independent Non-Executive Director)</i>	7, Taman Rafflesia Jalan Bundusan 88300 Kota Kinabalu Sabah	59	Malaysian	Chartered Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Yong Ket Inn	Chairman	Independent Non-Executive Director
Tengku Ahmad Badli Shah Bin Raja Hussin	Member	Chairman / Independent Non-Executive Director
Chu Chee Peng	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Seow Fei San (MAICSA 7009732)
Law Mee Poo (MAICSA 7033423)
802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7803 1126
Fax. no. : 03-7806 1387

REGISTERED OFFICE

: 802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7803 1126
Fax. no. : 03-7806 1387

CORPORATE DIRECTORY (CONT'D)

- HEAD/MANAGEMENT OFFICE/
PRINCIPAL PLACE OF BUSINESS** : 1-3 Street Wing
Sunsuria Avenue
Persiaran Mahogani
Kota Damansara PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-6142 3198
Fax. no. : 03-6142 3292
Website : <http://www.netx.com.my>
E-mail address : corporate@netx.com.my
- SHARE REGISTRAR** : ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas,
50480 Kuala Lumpur
Tel. no. : 03-6201 1120
Fax. no. : 03-6201 3121
- AUDITORS AND REPORTING
ACCOUNTANTS FOR THE
RIGHTS ISSUE OF SHARES WITH
WARRANTS** : Ecovis AHL PLT (AF 001825)
9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
Tel. no. : 03-7981 1799
Fax. no. : 03-7980 4796
- SOLICITORS FOR THE RIGHTS
ISSUE OF SHARES WITH
WARRANTS** : Messrs Jeff Leong, Poon & Wong
B-11-8, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. no. : 03-2203 3388
Fax. no. : 03-2203 3390
- INDEPENDENT MARKET
RESEARCHER** : Infobusiness Research & Consulting Sdn Bhd
C4-3A-2, Solaris Dutamas
No.1 Jalan Dutamas 1
50480 Kuala Lumpur
Tel. no. : 03-6205 3930
Fax. no. : 03-6205 3927
- PRINCIPAL BANKER** : Malayan Banking Berhad
B01 & B02, Sunway Giza Mall
2, Jalan PJU 5/14, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-6140 6451 / 6140 6537
Fax. no.: 03-6140 7461
- ADVISER FOR THE RIGHTS ISSUE
OF SHARES WITH WARRANTS** : TA Securities Holdings Berhad
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no. : 03-2072 1277
Fax. no. : 03-2026 0127
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities



www.netx.com.my

NETX HOLDINGS BERHAD

(Company No. 533441-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

18 May 2016

Our Board of Directors:

Tengku Ahmad Badli Shah Bin Raja Hussin (*Chairman / Independent Non-Executive Director*)

Tan Sik Eek (*Executive Director*)

Chu Chee Peng (*Independent Non-Executive Director*)

Yong Ket Inn (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE OF SHARES WITH WARRANTS

1. INTRODUCTION

On 28 April 2015, TA Securities announced on behalf of our Board that our Company proposed to undertake the following:

- (i) renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NetX on the basis of one (1) rights share for every one (1) existing share held, together with up to 625,553,033 free detachable warrants on the basis of one (1) warrant for every one (1) rights share subscribed at an entitlement date to be determined later;
- (ii) SIS; and
- (iii) increase in the authorised share capital of NetX from RM70,000,000 comprising 700,000,000 ordinary shares of RM0.10 each in NetX to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each in NetX.

Bursa Securities has vide its letter dated 28 August 2015 (“**Approval Letter**”) approved the following:

- (i) admission to the Official List and the listing and quotation for up to 625,553,033 warrants to be issued pursuant to the above-mentioned rights issue of shares with warrants;
- (ii) listing of up to 625,553,033 new ordinary shares of RM0.10 each in our Company to be issued pursuant to the above-mentioned rights issue of shares with warrants;
- (iii) listing of up to 625,553,033 new ordinary shares of RM0.10 each in our Company to be issued pursuant to the exercise of the warrants; and

- (iv) listing of such number of new ordinary shares of RM0.10 each in our Company representing up to 30% of the total issued and paid-up share capital of our Company (excluding treasury shares, if any) during the duration of the share issuance scheme to be issued and allotted pursuant to the SIS,

on the ACE Market of Bursa Securities.

The approval by Bursa Securities for the Rights Issue of Shares with Warrants is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares with Warrants;	To be complied
(b)	Our Company and TA Securities to furnish Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied
(c)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares with Warrants is completed; and	To be complied
(d)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The approval by Bursa Securities for the SIS is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the SIS pursuant to Rule 6.44 of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	To be complied
(b)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 13 October 2015, TA Securities announced on behalf of our Board that our Company proposes to reduce the par value of the issued and paid-up share capital in our Company as part of the proposals (announced on 28 April 2015) to be carried out. As such, the earlier proposals as announced on 28 April 2015 will be revised as follows:

- (i) Par Value Reduction, which was completed on 11 March 2016;
- (ii) Rights Issue of Shares with Warrants;
- (iii) SIS, to be established after the completion of the Rights Issue of Shares with Warrants; and
- (iv) Increase in Authorised Share Capital, which took effect immediately after the Par Value Reduction.

Bursa Securities had vide its letter dated 17 December 2015 set out the following:

- (i) the maximum number of shares arising from the revised Rights Issue of Shares with Warrants remains the same as the previous rights issue of shares with warrants;
- (ii) the maximum number of warrants arising from the revised Rights Issue of Shares with Warrants remains the same as in the previous rights issue of shares with warrants;
- (iii) the basis of entitlement under the revised Rights Issue of Shares with Warrants remains unchanged from the basis in the entitlement in the previous rights issue of shares with warrants i.e., one (1) rights share with one (1) warrant for every ordinary share held;
- (iv) the total gross proceeds to be raised under the minimum subscription level has been reduced from RM6,000,000 in the previous proposed rights issue of shares with warrants to RM4,500,000 in the revised Rights Issue of Shares with Warrants;
- (v) the utilisation of the proceeds remains the same, except that the amount to be allocated for each of the utilisation (with the exception of estimated expenses in relation to the Corporate Exercises, which remains the same) will be reduced accordingly, concurrent with the reduction in the total proceeds to be raised; and
- (vi) the minimum issue price of the rights shares pursuant to the previous rights issue of shares with warrants and the revised Rights Issue of Shares with Warrants is RM0.10 and RM0.05, respectively as a result of the Par Value Reduction.

In view of the above:

- (i) the Approval Letter is applicable to the revised Rights Issue of Shares with Warrants; and
- (ii) our Company must complete the implementation of the revised Rights Issue of Shares with Warrants within six (6) months from the date of the letter dated 17 December 2015.

Our shareholders had at the EGM held on 21 January 2016 approved the Rights Issue of Shares with Warrants.

A certified true extract of the resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in the Appendix I of this AP.

On 4 May 2016, TA Securities had on our behalf announced that our Board has fixed the issue price of the Rights Shares at RM0.05 per Rights Share and the exercise price of the Warrants of RM0.05 per Warrant.

On 4 May 2016, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 18 May 2016 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of Shares with Warrants.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

The Rights Issue of Shares with Warrants entails the issuance of up to 625,553,033 Rights Shares on the basis of one (1) Rights Share for every one (1) existing NetX Share held on the Entitlement Date, together with up to 625,553,033 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis specified under Section 3.7 herein. The entitlements for the Rights Shares with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue of Shares with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their Rights Shares subscribed. Any unsubscribed Rights Shares with Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renounee/transferee (if applicable). A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

The issue price of RM0.05 per Rights Share, is arrived at after taking into consideration, among others, the following:

- (a) the TERP of NetX Shares of RM0.0422 based on the 5D-VWAP of NetX Shares up to and including 3 May 2016 (being the last trading date immediately preceding the price fixing date) of RM0.0422; and
- (b) the par value of NetX Shares of RM0.05 each.

The issue price of the Rights Shares at RM0.05 per Rights Share, being the same as the par value of NetX Shares is at a premium of approximately RM0.0078 or 18.48% to the TERP of NetX Shares of RM0.0422, based on the 5D-VWAP of NetX Shares up to and including 3 May 2016 of RM0.0422.

(ii) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the Rights Shares, and are exercisable into new NetX Shares. Each Warrant will entitle its holder to subscribe for one (1) new NetX Share at the exercise price of RM0.05 per Warrant.

The exercise price of RM0.05 per Warrant is arrived at after taking into consideration, amongst others, the following:

- (a) the TERP of NetX Shares of RM0.0422 based on the 5D-VWAP of NetX Shares up to and including 3 May 2016 (being the last trading date immediately preceding the price fixing date) of RM0.0422; and
- (b) the par value of NetX Shares of RM0.05 each.

The exercise price of the Warrants at RM0.05 being the same as the par value of NetX Shares is at a premium of approximately RM0.0078 or 18.48% to the TERP of NetX Shares of RM0.0422, based on the 5D-VWAP of NetX Shares up to and including 3 May 2016 of RM0.0422.

2.2 Ranking of the Rights Shares and the new NetX Shares to be issued arising from the exercise of the Warrants

The Rights Shares and the new NetX Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing NetX Shares, save and except that the Rights Shares and the new NetX Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares and the new NetX Shares arising from the exercise of the Warrants.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 625,553,033 Warrants.
Form and denomination	: The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The Warrants may be exercised at any time during the tenure of the Warrants of three (3) years commencing on and including the date of the issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants which have not been exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Exercise price	: The exercise price of the Warrants has been fixed at RM0.05 each.
Expiry date	: The day immediately preceding the third (3 rd) anniversary date of the issuance of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for one (1) new NetX Share at any time during the exercise period at the exercise price (subject to the conditions in the Deed Poll).

- Mode of exercise : The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Share Registrar, duly completed, signed and duly stamped in accordance with any law for the time being in force relating to stamp duty together with payment of the exercise price for the new NetX Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
- Board lot : For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise of one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new NetX Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
- Adjustments in the exercise price and/or number of the Warrants : Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder shall be adjusted by our Board in consultation with the approved adviser and certification by the auditors of our Company, in the event of alteration to the share capital of our Company.
- Rights of the Warrants holders : The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new NetX Shares.
- Modification of rights : Our Company may, without the consent of the Warrant holders but in accordance with the terms of the Deed Poll, effect:
- (i) any modification to the Warrants or the Deed Poll which in the opinion of our Company but subject to the approval of the relevant authorities (if any) and the provisions of the SICDA, the Capital Markets and Services Act 2007 and the Rules of Bursa Depository (if applicable), is not materially prejudicial to the interests of the Warrant holders; or
 - (ii) any modification to the Warrants or the Deed Poll which, in our Company's opinion, is to correct a manifest error or comply with the mandatory provisions of the SICDA, the Rules of Bursa Depository and any applicable law or any regulations issued by any relevant authority.
- Any modification shall be binding on the Warrant holders and shall be notified to them in accordance with the provisions of the Deed Poll.
- Modification to the terms of the Warrants : Subject to the terms on modification of rights, save for manifest error, any modification, amendment, deletion or addition to the Deed Poll, shall require the approval of the Warrant holders sanctioned by special resolution and may be effected only by deed poll, executed by our Company and expressed to be supplemental thereto and subject to the approval of the relevant authorities, if necessary.
- A memorandum of every such supplemental deed shall be endorsed on the Deed Poll.

Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:

- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant holders; and
- (i) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up, exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Listing status : The Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new NetX Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

Governing law : The laws of Malaysia.

2.4 Minimum Subscription Level and Undertaking

The Rights Issue of Shares with Warrants will be implemented on a Minimum Subscription Level.

The Minimum Subscription Level was determined based on, among others, the level of funds needed by our Group after taking into consideration the funding plans as set out in Section 5 of this AP.

To meet the Minimum Subscription Level, our Company has obtained the Undertaking from the Undertaking Shareholder, namely Asiabio, that it will subscribe in full of its entitlement of 56,000,000 Rights Shares with Warrants and will apply for 34,000,000 additional Rights Shares with Warrants in excess of its entitlement prior to the closing date. Based on the issue price of RM0.05, the total gross proceeds to be raised based on the Minimum Subscription Level is RM4,500,000.

Details of the Undertaking under the Minimum Subscription Level are as follows:

Undertaking Shareholder	As at the LPD		Rights Shares entitlement		Excess Rights Shares		Irrevocable Undertaking		Total subscription monies (RM'000) ⁽¹⁾
	No. of ordinary shares of RM0.10 each in NetX ('000)	%	No. of NetX Shares ('000)	%	No. of NetX Shares ('000)	%	No. of NetX Shares ('000)	%	
Asiabio ⁽²⁾	56,000	8.95	56,000	62.22	34,000	37.78	90,000	100.00	4,500

Notes:

- (1) Based on the Issue Price of RM0.05 per Right Share.
- (2) Tan Sik Eek, our Executive Director is a director of Asiabio and Asia Bioenergy Technologies Berhad (the holding company of Asiabio).

Tengku Ahmad Badli Shah Bin Raja Hussin, our Independent Non-Executive Director is a director of Asia Bioenergy Technologies Berhad (the holding company of Asiabio).

Chu Chee Peng, our Independent Non-Executive Director is a director of Asia Bioenergy Technologies Berhad (the holding company of Asiabio).

As at the LPD, neither Tan Sik Eek, Tengku Ahmad Badli Shah Bin Raja Hussin nor Chu Chee Peng has any shareholdings, whether directly or indirectly, in Asia Bioenergy Technologies Berhad and/or our Company.

The Undertaking Shareholder has confirmed that it has sufficient financial resources to subscribe for its entitlement of the 56,000,000 Rights Shares as well as the 34,000,000 additional Rights Shares in excess of its entitlement as mentioned above pursuant to the Undertaking. As the Adviser for the Rights Issue of Shares with Warrants, TA Securities has verified that the Undertaking Shareholder has sufficient financial resources to fulfil its commitment pursuant to the Undertaking.

In view of the Undertaking, the Minimum Subscription Level will be achieved. As the Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level, no underwriting arrangement will be made for the Rights Shares with Warrants under the Rights Issue of Shares with Warrants.

The Undertaking and subscription of the Rights Shares with Warrants by the Undertaking Shareholder will not give rise to any consequences of mandatory general offer obligations pursuant to the Code. In addition, the Undertaking Shareholder has in its Undertaking confirmed that it will observe and comply at all times with the provisions of the Code.

2.5 Details of other corporate exercises

As at the LPD, save as disclosed below and for the Rights Issue of Shares with Warrants, there is no other outstanding corporate proposal which has been announced but pending completion:

2.5.1 SIS

The SIS, which was approved by our shareholders at our Company's EGM held on 21 January 2016, involves the establishment of a share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) at any one time during the duration of the scheme for the Eligible Persons after the completion of the Rights Issue of Shares with Warrants.

The price payable by the grantee upon the exercise of his/her SIS Options under the SIS shall be the higher of the following:

- (i) the 5D-VWAP of NetX Shares immediately preceding the offer date, as quoted on Bursa Securities, with a discount of not more than ten percent (10%); or
- (ii) the par value of NetX Shares.

Nevertheless, the SIS will only be implemented after the completion of the Rights Issue of Shares with Warrants.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 2 June 2016**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedure for full acceptance and payment by Entitled Shareholders and renounees/transferees

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renounees/transferees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or from Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renounees/transferees who wish to accept the provisional Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

Tel. no.: 03-6201 1120

Fax no.: 03-6201 3121

so as to arrive **not later than 5.00 p.m. on 2 June 2016**, being the last time and date for acceptance of and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee/transferee (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Successful applicants of the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of security that can be subscribed for or accepted is one (1) Rights Share for every one (1) existing NetX Share held.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 2 June 2016**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com> or our Share Registrar at the address stated above.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "NETX RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

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3.5 Procedure for part acceptance by Entitled Shareholders and renounees/transferees

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this AP.

The portion of the provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.4 of this AP for the procedure of acceptance and payment.

In disposing/transferring all or part of your provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.7 Procedure for application of excess Rights Shares with Warrants

You and/or your renounees/transferees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 2 June 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "NETX EXCESS RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants, based on their respective shareholdings in our Company as at the Entitlement Date;

- (iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application; and
- (iv) fourthly, on a pro-rata basis and in board lots, to our transferees and/or renounees who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in Section 3.7 (i) to (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

3.8 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renounee's/transferee's acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renounees/transferees (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants shall be irrevocable and cannot be withdrawn subsequently.

3.9 Form of issuance

Bursa Securities has prescribed that our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.8.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.7 of this AP.

3.10 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants.

By accepting the provisionally allotted Rights Shares with Warrants and signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees/transferees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;
- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

After due consideration of the various methods of fund raising available for the purposes as stated in Section 5 of this AP, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate avenue after taking into consideration the following:

- (i) it allows our Company to raise capital without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments;
- (ii) it enhances the cash flow of our Group and enables our Group to fund the purposes set out in Section 5 of this AP which is expected to contribute positively to the future earnings of our Group and improve our financial performance;
- (iii) it involves the issuance of new NetX Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently;
- (iv) it provides an opportunity for our existing shareholders to increase their equity participation in our Company from the subscription of the Rights Shares with Warrants. The Undertaking allows the Undertaking Shareholder to extend its support for the Rights Issue of Shares with Warrants to facilitate our Group to raise the necessary funds without incurring additional cost in the form of underwriting commission; and
- (v) the Warrants to be issued pursuant to the Rights Issue of Shares with Warrants will provide our shareholders with an attractive option to increase their equity participation in our Company at a predetermined price during the tenure of the Warrants. In addition, proceeds from the exercise of the Warrants in the future will provide an additional source of funds to be used by our Group's business.

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5. UTILISATION OF PROCEEDS

The Rights Issue of Shares with Warrants will raise gross proceeds of up to approximately RM31.28 million based on the issue price of RM0.05 per Rights Share which will be utilised in the manner set out below:

Descriptions	Notes	Minimum Scenario	Maximum Scenario	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)
		RM'000	RM'000	
Development of electronic payment platform and solutions	(1)	3,300	10,000	Within 24 months
Expansion of existing businesses and acquisition of future businesses	(2)	-	12,778	Within 18 months
Repayment of existing bank borrowings of our Group	(3)	-	3,300	Within 6 months
Working capital for our Group	(4)	200	4,200	Within 24 months
Estimated expenses in relation to the Corporate Exercises	(5)	1,000	1,000	Within 2 months
Total estimated proceeds		4,500	31,278	

Notes:

- (1) Our Group is mainly involved in system integration and the provision of hardware solutions business. The business of our Group is to supply, deliver, maintain and provide support services to perform specific IT functions and tasks requested by the customers. Our trading and supply of IT hardware and software solution covers the broad ICT industry. Nevertheless, our Group's previous focus was in network infrastructure which did not yield favourable results. Please refer to Section 7 of Appendix II of this AP for further details on our Group's historical financial performance.

Our Group is currently at the preliminary stage of expanding into the electronic payment solutions business and we intend to develop an electronic payment system[^] for the EFTPOS terminals[#] segment. In this regard, we will need to develop the software, design and integrate the electronic payment system to bring together the hardware (i.e., mainly the EFTPOS terminals and accessories such as digital signature pad, near field communication adaptors and etc), software and other component subsystems to function as a system. Our Group is currently developing a software to enable the merchants to access information and reports on real-time basis via their mobile devices from the transactions executed through the EFTPOS terminals. It is the intention of our Group to further develop / enhance the value added services to be offered to the merchants. Such services are intended to be on subscription and on as-needed basis thus providing additional revenue of our Group. As the electronic payment solutions falls under the sub-segment of the broader ICT industry, we are of the view that the expansion into electronic payment solutions is an extension of our Group's existing system integration and the provision of hardware solutions business.

Our Group intends to develop an electronic payment platform which will allow payment for both physical and digital goods, payment of bills and person-to-person money transfers. Please refer to Sections 7.3 and 7.4 of this AP for further details on the overview and outlook of the electronic payment industry in Malaysia.

[^] *The electronic payment system refers to the entire system which consists of electronic payment platform and support centre(s), hardware, software and support services.*

[#] *The EFTPOS terminal is a device that allows the acceptance of payment cards to complete payment card transactions.*

Under the Minimum Scenario, our Group intends to utilise approximately RM3.30 million for the development of the electronic payment platform and the deployment of an electronic payment support center (which would include a production site and data recovery centre/site) in the Wisma Ariantec building located in Kota Damansara, Selangor. To support the electronic payment platform, our Group needs to procure servers, set-up the production site at the data center, establish the data recovery centre/site to operate and maintain the business with the items and associated costs as set out below.

Under the Maximum Scenario, there will be two (2) additional payment support centres to be set-up in East Malaysia, namely Kota Kinabalu, Sabah and Kuching, Sarawak.

The breakdown of costs for the development of the electronic payment platform, set-up and the deployment of the electronic payment support centers is as follows:

Details of the estimated development, set-up and deployment costs	Minimum Scenario RM'000	Maximum Scenario RM'000
Servers	313	1,250
Software development	1,052	1,728
Security compliance	1,100	3,000
Network operation centre*	436	2,208
Telecommunication broadband	29	115
Advertising and promotion	370	1,699
Total	3,300	10,000

* *The network operation centre is part of the electronic payment support centre. The network operation centre's role is to monitor and maintain the telecommunications network for the electronic payment support centre.*

Currently our Group is at the planning stage and the proceeds from the Rights Issue of Shares with Warrants would enable our Group to develop our electronic payment platform and set-up an electronic payment support system to a stage where it is ready to be commercialised.

Based on the Minimum Scenario and Maximum Scenario, the electronic payment support centre will be sufficient for our Group to serve up to 4,000 and 15,000 merchants, respectively. Thus, once commercialised, our Group targets to secure up to 4,000 and 15,000 merchants to adopt its electronic payment services within the next three (3) years based on the Minimum Scenario and Maximum Scenario, respectively.

On 24 April 2015, our Company announced that it has acquired 60% equity interest of Payallz from Neurogine Sdn Bhd, a third party vendor. Payallz is a Master Merchant appointed by an Acquirer. Thus, this would enable our Group (via Payallz) to recruit qualified merchants to sign up for our electronic payment services. As at the LPD, Payallz has installed 421 units of EFTPOS terminals to the merchants for the electronic payment services.

The above amounts were arrived at based on estimations by our management and would enable our Group to set-up an electronic payment support centre which is able to support the above-mentioned expected number of merchants adopting our Group's electronic payment services. Currently, the merchants whom are supported by Payallz are sufficiently serviced without an electronic payment support centre. However, we expect to experience more customer troubleshooting matters when the number of merchants increases and would require an electronic payment support centre to be set up to provide optimum support to the merchants. The electronic payment system is expected to be commercialised in the second (2nd) half of 2016.

The above amounts comprise equipment cost and staff cost for software development, attend to technical problems in the software, attend to merchants' user problems and to ensure continuous security compliance are adhered to in its day-to-day operations. Our Group would also require a network operation centre together with sufficient broadband infrastructure.

The electronic payment solutions business will be targeted at retailers and/or any small scale business owners. Our Group aims to enhance and improve the financial performance and position of our Group by expanding into the electronic payment solutions business while leveraging on our Group's existing business of system integration and the provision of hardware solutions business (which includes network infrastructure), knowledge and experience in IT support.

- (2) Under the Maximum Scenario, in order to accelerate the growth of our Group and to complement the electronic payment solutions business, our Group intends to acquire smaller technology companies with developed mobile-based solutions that can then be leveraged upon for commercialisation. Among the companies to be considered include those in cloud based applications and smartphone applications that are developed for fourth-generation Long-Term Evolution mobile spectrum which would complement the business strategy of our Group.

As at the LPD, our Group is still identifying and evaluating such opportunities. Our Company will make the appropriate announcement(s) and seek shareholders' prior approval (if required) in due course pursuant to the Listing Requirements once the details have been finalised.

In addition, our Group intends to utilise part of the proceeds for its system integration and the provision of hardware solutions business (i.e., mainly for the purchase of EFTPOS terminals and accessories such as digital signature pad, near field communication adaptors and etc) and to handle software development matters for mobile payment solutions (this would involve the purchase of computers, EMV* certification costs and also recruitment of talented human resources) as well as peripheral IT products (such as data analytics software). The EFTPOS terminals and accessories shall be rented / leased out as part of the electronic payment services package and our Group shall earn rental / lease income from the merchant. However, our Board is not able to provide the breakdown of such utilisation at this juncture as the expansion would be dependent on the level of proceeds raised.

* *Europay-Mastercard-Visa ("EMV") standard is used in microchip-embedded payment cards for security purposes. The imposition of this standard by BNM on the payment card infrastructure also requires that the EFTPOS terminals be EMV-compliant as well. The credit card infrastructure and EFTPOS terminals in Malaysia have been EMV-compliant since 2005, while the migration of debit cards from its current proprietary standard begins in 2015 and is expected to be completed by 2018 in Malaysia.*

- (3) Under the Maximum Scenario, our Group shall utilise up to RM3.30 million of the total gross proceeds from the Rights Issue of Shares with Warrants for the repayment of bank borrowing which is expected to result in an annual saving of approximately RM0.20 million based on effective interest rate of 5.91% per annum. The total borrowings of our Group is RM3.19 million as at the LPD.

Under the Maximum Scenario, our Group intends to fully repay the bank borrowings with the proceeds from the Rights Issue of Shares with Warrants. Any surplus or shortfall arising from the repayment of bank borrowings will be adjusted to or from the working capital of our Group.

- (4) Our Group intends to utilise up to RM4.20 million of the proceeds for its working capital as follows:

Working capital	Minimum Scenario RM'000	Maximum Scenario RM'000
Staff cost	170	3,620
Sales and marketing expenses	20	480
Other operational expenses (such as the development of training aids to train merchants on the secure use of EFTPOS)	10	100
	200	4,200

The working capital will be mainly for the payment of wages, allowances, Employees' Provident Fund and Social Security Organisation contribution to the staff of our Group. The sales and marketing expenses will comprise commission, travelling, transportation and accommodation for our Group's sales and marketing division.

The breakdown of working capital between each component is arrived at after taking into consideration the expected manpower, sales and marketing expenses and other operational expenses of three (3) payment support centres under the Maximum Scenario over a period of 24 months. Under the Minimum Scenario, the working capital required is estimated to be one third of the Maximum Scenario (i.e., RM1.40 million over 24 months) as only one (1) payment support centre will be set up under the Minimum Scenario. The shortfall between the amount allocated for working capital under the Minimum Scenario and the estimated amount will be covered via our Group's internally generated funds.

- (5) The estimated expenses in relation to the Corporate Exercises consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the working capital of our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants are dependent on the subscription level of the Rights Issue of Shares with Warrants. Depending on the actual proceeds to be raised, the proceeds in excess of the RM4.5 million under the Minimum Scenario shall be utilised up to the respective allocation in the following order:

- (i) setting up of the two (2) additional payment support centres in East Malaysia, with Kota Kinabalu in priority over Kuching;
- (ii) expansion of existing businesses and acquisition of future businesses;
- (iii) repayment of existing bank borrowings of our Group; and
- (iv) any further variation will be adjusted to the working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue of Shares with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or invested in short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as additional working capital of our Group.

The exact quantum of proceeds that may be raised by our Company pursuant to the exercise of the Warrants will depend upon the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for the working capital of our Group of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

6. RISK FACTORS

You and/or your renounees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

6.1 Risks relating to our business and industry

(i) Competition risk

Our Group is involved in the provision of systems, solutions and services that is catered towards the ICT industry. We are presently expanding our business activity to cover electronic payment system for EFTPOS terminals which includes the setting up of electronic payment support centers that will cater to its merchants that are being recruited by Payallz, our subsidiary company. Like many companies in the ICT and mobile payment industry, our Group faces competition from both new and existing players in the ICT industry which offer similar products and services. Thus, our Group intends to provide a wider selection of quality IT hardware, solutions and services to our customers at competitive and affordable prices. As mentioned in Section 5 of this AP, our Group is developing a software to enable the merchants to access information and reports on real-time basis via their mobile devices from the transactions executed through the EFTPOS terminals. Such services are intended to be on subscription and on as-needed basis.

While the markets in which our Group operates and will be operating in are competitive and characterised by rapid technological innovation, our Group believes that our ability to compete depends upon many factors both within and outside our control, including the timing and market acceptance of new products and services and enhancements developed by our Group and our competitors, product and service functionality, ease of use, performance, price, value for money, reliability, customer services and support, sales and marketing efforts, and product and service distribution channels.

Thus, our Group invests in new product development initiatives and infrastructure and is also on the look-out to acquire smaller technology companies that will enhance our solution offerings to ensure our competitiveness. However, there can be no assurance that our Group will be able to compete effectively against our competitors and that competitive pressure will not materially and adversely affect our Group's business, operations, results and/or financial conditions.

(ii) Maintenance and reliability of the payment network infrastructure and security risks

The success of our Group's business in the electronic payment industry will depend, in part, on the efficient and uninterrupted operations of our payment network infrastructure. Any damage or failure of our payment network infrastructure would result in transaction interruptions and could frustrate retain agents and end-customers using our terminals, which may have a material adverse effect on our Group's business, operating results and financial condition.

While our Group shall endeavor to apply our expertise to ensure proper maintenance and upgrading of our payment network infrastructure, there is no assurance that the payment network infrastructure will function as designed or keep pace with our rate of growth.

(iii) Changes in technology and products / services

Our Group operates in markets where our products and services are prone to rapid technological developments, evolving industry standards, swift changes in customer requirements, computer operating environments and software applications, and frequent new product introductions and enhancements. Our Group's future growth and success would depend on our ability to address the increasingly sophisticated needs of our customers by supporting existing and emerging hardware, software, database and networking platforms.

The timely development of new or enhanced products and services is a complex and uncertain process. Although our Group believes that we will have the funds to implement our business plans, there is no assurance that our Group will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. We may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of our existing products and services, as well as new products and services and enhancements. Our Group may also be required to collaborate with third parties to develop products and services and may not be able to do so on a timely and cost-effective basis, if at all.

If our Group is not able to develop new products and services or enhancements to our existing products and services on a timely and cost-effective basis, or if our Group's new products and services or enhancements fail to achieve market acceptance, or if one or more of the our Group's competitors introduce products and services that better address customer needs, our Group's business, operating results and financial condition would be adversely affected.

(iv) Protection of intellectual property rights

Our Group's proprietary technology, which is primarily in the form of software, is protected by copyright laws applicable in Malaysia. These software comprises a series of computer programmes developed in-house to enable seamless integration between the EFTPOS terminals and host application server to facilitate card payment transactions. In securing these rights, our Group has put in place several security measures to protect our proprietary technology, including prohibiting the revealing of source codes of our Group's software to our customers to whom the software is sold, and having built-in controls in some of the software developed by our Group which will lock a particular copy of the software onto the hardware on which it is running, thus preventing any unauthorized copying of the software. The nature of our Group's software also acts as a barrier against illegal usage as specialised knowledge and familiarization with the software is required to make it work and thus such software is often packaged with our Group's professional services.

However, even with the steps taken by our Group to secure these rights, there can be no assurance that our Group will be able to protect our proprietary rights against unauthorized third party copying, use or exploitation, any of which could have a material adverse effect on our Group's business, operating results and financial condition.

Third parties may challenge or dispute our Group's intellectual property rights in terms of, among others, title and third party intellectual property rights infringement and our Group could incur substantial costs in defending or prosecuting any claims relating to our intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or any disputes would be time consuming, cause delays in introducing new or improved products and services or require the Group to discontinue the using the challenged technology, and could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

(v) Material defects liability

The products and services that our Group developed and/or provided to our customers are important to ensure that the operations of our customers' business are carried out in a smooth manner. There would be potential risks such as loss of clients, adverse reaction from customers toward our Group's products and services, negative publicity, additional expenditures to remedy problems and legal claims, should there be any material defects or errors in our Group's products and solutions.

The products may suffer from various unforeseen problems such as system disruption mainly caused by virus attack or software malfunction, which may result in a disruption to our customers' operations in which event, unless immediately rectified, will result in a reputation and financial risk to our Group. Our Group provides our customers with a limited product warranty of between one (1) to two (2) years warranty.

(vi) Payment card fraud

With the migration to chip-based payment cards in 2005, fraud losses related to payment cards remained low at less than 0.04% of total transaction value over the period from 2006 to 2015. Unauthorised online transactions remained the most common type of fraud, accounting for 60% of total reported payment card fraud in 2015. However, 97% of the losses were borne by financial institutions located abroad, which have yet to implement a strong authentication method. This is pursuant to the rules set by the international payment card schemes, which require fraud losses to be borne by the party with the weaker security measures. In this regard, Malaysia has implemented a strong authentication method for online transactions since 2012 which requires cardholders to enter a one-time password to authorise online transactions.

To further enhance protection against unauthorised transactions, the use of debit and prepaid cards for overseas transactions and card-not-present transactions (mail order, telephone order or online transactions which are not authenticated using a strong authentication method) will only be enabled upon the cardholder's request. At the same time, the banking industry is undertaking a migration exercise from signature to Personal Identification Number (PIN) verification for payment card transactions conducted at EFTPOS terminals, which is expected to be completed by 1 January 2017.

Since the introduction of stronger risk management measures in 2012, online banking fraud losses have remained negligible at less than 0.0002% of the total transaction value over the period from 2012 to 2015. However, phishing, which includes the use of e-mails, short message services (SMS) or telephone calls purportedly from financial institutions to lure victims into disclosing their login credentials and passcodes, continued to be prevalent and accounted for 95.2% of total online banking fraud reported in 2015.

(Source: Financial Stability and Payment Systems Report 2015, BNM)

The prevalence of fraudulent payment card transactions may pose the risk of significant disruption to the flow of funds amongst consumers and businesses. This may cause local financial institutions to curtail their merchant acquiring activities and adopt a more stringent approval process for potential merchants. These financial institutions would not hesitate to withdraw the payment card facilities provided to their existing merchants should they suspect that the merchants participate in any form of fraud activities. This may result in a shift from payment card transactions to other payment methods and affect our Group's profitability.

Although fraudulent payment card losses have reduced since 2006, there is no assurance that payment card fraud can be eliminated in its entirety due to the increasing sophistication of technology.

(vii) Reliance on key relationship with the Acquirer

Our Group's electronic payment solutions business is heavily dependent on its relationship with the Acquirer and their intent in acquiring merchants. As stated in Section 5 of this AP, our subsidiary, Payallz is a Master Merchant appointed by an Acquirer to recruit qualified merchants to sign up for our electronic payment services.

There is no assurance that the relationships with the Acquirer and the merchants will continue indefinitely. Moreover, the Acquirer's policies on merchant recruitment will change from time to time and this may have a material effect on our Group's business, operating results and financial condition.

(viii) Foreign exchange risk

Our Group is subject to foreign exchange risk through the import of hardware products such as IT equipments and EFTPOS terminals from China, United States and Europe. As such, any fluctuation in foreign exchange rates would have an impact on our Group's profitability and financial performance. However, our Group monitors the foreign currency risk closely on an ongoing basis to ensure that our Group's exposure to foreign currency risk is at an acceptable level.

(ix) Political, economic and regulatory considerations

Any adverse developments in political, economic, regulatory and social conditions could materially and adversely affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

(x) Dependency on key personnel

Our Group believes that the sustainability of our business will depend substantially upon the abilities and continued efforts of our existing Directors and senior management. We may not be able to successfully retain our existing Directors and senior management. The loss of such key personnel may adversely affect our Group's performance.

Our Group's future successes will also depend upon our ability to attract and retain a sufficient number of highly skilled employees. Our Group's inability to attract new qualified employees or adequately trained employee, or the delay in hiring key personnels, could adversely affect our ability to operate our business or to compete effectively. This in turn could affect our Group's business, financial condition and results of operations.

6.2 Risks relating to the Rights Issue of Shares with Warrants

(i) Investment and capital market risks

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of NetX Shares, the outlook for the ICT industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In view of this, there can be no assurance that the Rights Shares will trade above the Issue Price for the Rights Shares or TERP upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of NetX Shares, and the remaining exercise period of the Warrants and the volatility of NetX Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or failure of the Rights Issue of Shares with Warrants

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances that are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounees/transferees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within fourteen (14) days after NetX becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act, 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue of Shares with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iii) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP**7.1 Prospects and outlook of the Malaysian economy**

The Malaysian economy remains resilient despite a more challenging external environment, including moderate global growth, declining commodity prices and volatility in financial markets. Real GDP grew by 5.3% during the first (1st) half of 2015 supported by steady domestic demand, particularly private sector expenditure. Exports and imports contracted by 1.4% and 2%, respectively, during the first eight (8) months of the year. However, exports of manufactured goods registered modest growth led by demand mainly for electrical and electronic products.

As a small and highly open economy, Malaysia is vulnerable to developments in the external environment. However, the structural reforms undertaken over the years to diversify the economy and strengthen the financial system, have placed the economy on a stronger footing as well as enhanced its resilience to weather the external challenges. Real GDP is expected to register a growth of 4.5% - 5.5% in 2015 (2014: 6%) supported by resilient domestic economic activity. The national income, as measured by the gross national income, is estimated to increase by 5.5% to RM1.13 trillion with income per capita growing by 4.2% to RM36,397 (2014: 8.6%; RM1.07 trillion; 7.2%; RM34,945).

The projection for growth in 2016 takes into account concerns over the severity of growth slowdown in emerging markets, particularly China. Other downside risks include declining commodity prices, rising volatility in financial markets and depreciating currencies of emerging economies.

Against the backdrop of increased uncertainty in the global economy, growth in the Malaysian economy will be driven by domestic demand, with private expenditures as the main anchor, while public expenditure will increase moderately.

Strong economic fundamentals such as benign inflation and stable employment supported by an accommodative monetary policy are expected to support growth. Thus, the Malaysian economy is expected to remain on a steady growth path, expanding between 4% - 5% in 2016. On the supply side, growth though moderating, is expected to be broad-based supported by expansion in all sectors of the economy, led by the services and manufacturing sector. Thus, the nominal gross national income per capita is expected to increase by 5.6% to RM38,438 in 2016 (2015: 4.2%; RM36,397).

(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)

7.2 Overview and outlook of ICT industry in Malaysia

Besides infusing ICT services in other industries, niche areas under the ICT industry will be further promoted and export capabilities enhanced to ensure that Malaysia captures a bigger export market for ICT products and services. The ICT ecosystem will also be strengthened, including the capacity of start-ups, talent, infrastructure, research and development, commercialisation and governance, in the niche areas of digital content, Internet of Things, data centres and cloud services, cyber security, software development and testing, and big data analytics. The ICT industry is estimated to contribute 16.8% to the GDP in 2015, up from 9.8% in 2009.

The three (3) main initiatives that will be implemented for the ICT industry in Malaysia are as follows: attracting anchor companies to serve as industry drivers, building local capacity and capability, and raising global market access through a better understanding of global technology trends towards greater adoption of digital distribution and new business models.

(Source: Eleventh (11th) Malaysia Plan for 2016-2020)

Despite the slower economy in 2015, the national ICT Association of Malaysia (Pikom) Chairman Cheah Kok Hoong expects the industry to register 14.2% growth, based on the 12.5% actual growth for 2014 that the industry experienced.

(Source: Pikom: Malaysian ICT industry expected to register double-digit growth, The Star Tech News, 22 July 2015)

During the first (1st) half of 2015, growth in the information and communication subsector remained robust at 9.5% (January – June 2014: 9.8%) led by strong demand for mobile internet, especially data and computer services. Growth was also supported by higher demand for Goods and Services Tax (GST) software and sustained demand for communication services. As at end- June 2015, cellular phone subscriptions grew marginally by 0.7% to 44.2 million to reach a penetration rate of 144.8% (end-June 2014: 3%; 43.9 million; 145.8%), with the prepaid segment dominating 81% of total subscriptions. The marginal growth was due to a marked shift in consumer preference to Over-the-Top communication channels and social media. As a result, there was a sharp decline in voice and Short Message Service usage.

The take-up rate of mobile broadband services has further accelerated partly driven by the “Smart Device with Internet Package” product under the Universal Service Provision (“USP”) programme. The broadband segment stood at 27.9 million subscriptions as at end-June 2015 with mobile broadband accounting for the largest share at about 85% of total broadband subscriptions. In addition, the Ministry of Communications and Multimedia had announced earlier this year that basic broadband package prices would be reduced in line with the aspiration of transforming Malaysia into a digital nation. As a result, telecommunication companies have lowered their prices up to 50% and launched new affordable broadband packages.

Growth of the broadband segment is expected to remain buoyant supported by the Government’s various measures to strengthen and upgrade the quality of broadband services across the country. These include the National Broadband Initiative that addresses the provision of infrastructure and facilities through the implementation of High-Speed Broadband (“HSBB”) and Broadband to General Population (“BBGP”). The Government through public-private partnership initiative with Telekom Malaysia has implemented HSBB projects in the inner Klang Valley, Iskandar Malaysia and selected industrial areas. As at end-June 2015, the HSBB project has linked 1.7 million ports recording a total of 823,000 subscriptions covering 685,000 homes and 138,000 businesses (end-June 2014: 747,000; 626,000; 121,000). Meanwhile, under the BBGP, broadband is implemented across the country through various technologies such as Asymmetric Digital Subscriber Line, 3G/ High-Speed Downlink Packet Access and Worldwide Interoperability for Microwave Access.

As part of efforts to enhance ICT experience among the rakyat living in remote areas, USP projects are carried out through the Kampung Tanpa Wayar 1Malaysia initiative, also known as Wi-Fi Komuniti (“WK”), which provides free wireless access to selected villages nationwide. In addition, Pusat Internet 1Malaysia (“PI1M”) was also established to function as an ICT training and knowledge hub. As at 30 June 2015, 5,860 WK and 562 PI1M (end-June 2014: 4,737; 431) have been established in rural areas throughout the country. In 2015, growth in the subsector is expected to remain strong at 9.7% (2014: 9.7%).

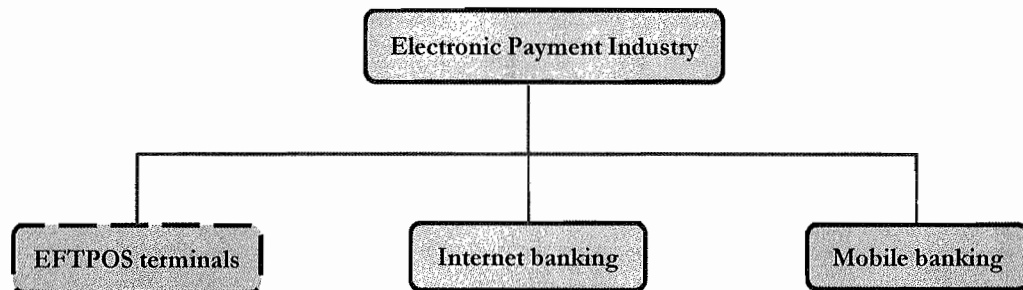
(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)

7.3 Overview of the electronic payment industry in Malaysia

With the continual advancement and development of ICT, electronic payments (also known as e-payments) have begun to gradually supplant paper-based transactions. Electronic payment instruments used in the retail payment system in Malaysia are conducted through debit cards, credit cards (eg. Visa and MasterCard) and charge cards (eg. American Express charge card).

The electronic payment industry can be segmented into three (3) categories as illustrated below.

Figure 1: Segmentation of the electronic payment industry



(Source: IMR Report)

Note:

Our Group is currently at the preliminary stage of expanding into the electronic payment solutions business and we intend to develop an electronic payment platform for the EFTPOS terminals as well as set-up an electronic payment support centre. Thus, our Group is venturing into the EFTPOS terminal segment of the electronic payment industry, as indicated by the dotted box.

- EFTPOS terminal – a device that allows the acceptance of payment cards (such as credit, debit and charge cards) to complete a payment card transaction;
- Internet banking – financial transactions conducted by a customer with a bank or a payment services provider on the Internet; and
- Mobile banking – financial transactions conducted by a customer with a bank or a payment services provider through an application on a mobile device.

Electronic payments are cashless, digital transactions that are carried out electronically using encryption and security features to process the transactions. They offer a more secure, convenient and cost-effective means of moving funds over paper-based payments, which currently cost Malaysian financial institutions about RM1.8 billion annually. BNM has identified electronic payments as a key enabler for the development of the Malaysian financial system and has implemented various efforts in encouraging the increasing usage of electronic payments through the Financial Sector Blueprint 2011-2020 and the Payment Card Reform Framework 2014.

Under the Financial Sector Blueprint 2011-2020, electronic payments is one (1) of the strategic tools promoted by BNM to achieve greater economic efficiency, productivity and growth as the country aspires towards a high value added and high-income country. The vision is to make electronic payments the preferred medium for economic transactions in Malaysia.

The launch of the Financial Sector Blueprint 2011-2020, in turn led to the promulgation of the Payment Card Reform Network by BNM in 2014, with the aim to foster an efficient, transparent and competitive retail payment system using payment cards.

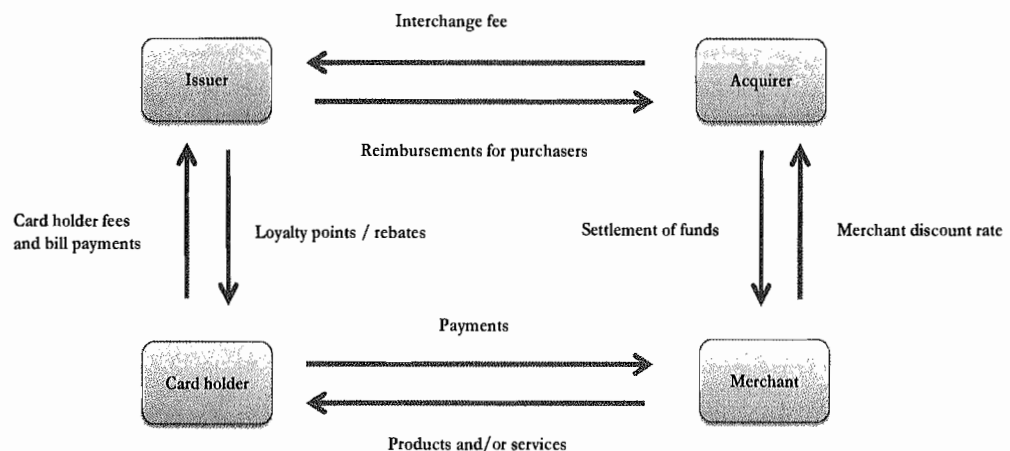
A principal challenge identified by the Financial Sector Blueprint 2011-2020 is the need to enhance awareness and to promote user confidence in using electronic payments, so as to encourage higher usage. Both awareness and confidence are very crucial components in ensuring the success of the electronic payment agenda.

(Source: IMR Report)

7.3.1 Payment card network

The typical electronic payment card transaction involves four (4) parties – the Merchant, Card holder, Issuer and Acquirer, as illustrated in the figure below.

Figure 2: The four-party payment card network



Acquirer - an Acquirer is an entity (bank or non-bank) that provides merchant acquiring services, including, *inter alia*, signing up Merchants, deploying EFTPOS terminals for payment cards and accepting card payments on behalf of Merchants.

Issuer - an Issuer is the party which issues payment cards to Card holders.

Interchange fee - refers to the fee which is paid by the merchant's Acquirer (bank or non-bank) to the Card holder's bank (Issuer) to cover costs incurred in facilitating a payment card transaction.

Merchant discount rate - refers to the merchant fee paid by the Merchant to the Acquirer for each payment card transaction comprising the transaction fee, the processing and other fees imposed by an operator of a payment card network, other costs incurred by the Acquirer and the Acquirer's margin.

Card holder - a person to whom a payment card has been issued and who uses the payment card to purchase goods or services.

Merchant - a person who enters into a contract with an Acquirer to accept payment cards for the purchase of goods and services.

(Source: IMR Report)

Note:

As mentioned in Section 5 of this AP, Payallz is a Master Merchant appointed by an Acquirer to recruit qualified merchants (i.e., a merchant who fits the criteria as determined by the Acquirer) to sign up for the electronic payment services. Among the target groups considered to be qualified merchants include mobile insurance agents, mobile sales personnel and auto repair shops.

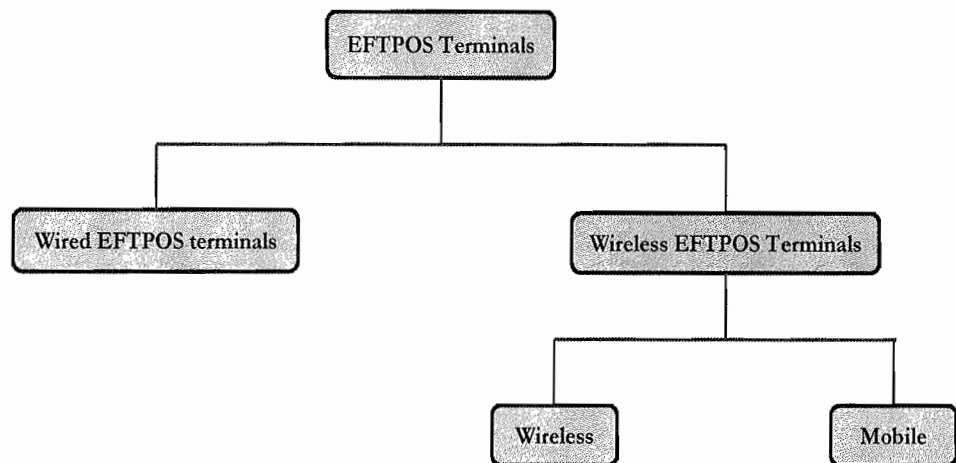
Upon the commercialisation of our Group's electronic payment platform and system, our Group (via Payallz) will be supplying the merchants with the electronic payment services (which includes the EFTPOS terminals and required software as well as support services).

In this regard, the merchants shall pay the Acquirer a fee (i.e., the above-mentioned merchant discount rate) based on their respective total sales volume generated. The Acquirer shall in turn, pay Payallz a portion of the said fee. Payallz shall also earn rental / lease income from the merchants for the supply of the electronic payment services.

7.3.2 EFTPOS terminals

EFTPOS terminals can be broadly segmented into two (2) categories as illustrated below.

Figure 3: Types of EFTPOS terminals



(Source: IMR Report)

Note:

Our Group is venturing into both the wired and wireless EFTPOS terminal segments.

- Wired EFTPOS terminals are connected to telephone fixed lines to perform payment transactions; and
- In the case of the wireless EFTPOS terminals, there are two (2) types:
 - The wireless type describes an EFTPOS terminal which utilises a mobile subscriber identity module (SIM) card to access telecommunication networks to perform payment transactions. It offers merchants mobility and the ability to “accept payments anytime, anywhere”.

- The mobile version describes utilising a smartphone coupled with a dongle to perform payment transactions. This caters to the increasing number of smartphone users in Malaysia. It offers merchants mobility and the ability to “accept payments anytime, anywhere”.

Mobile payment is a form of electronic payment, with the smartphone as the payment enabler for electronic payments. It is a form of payment whereby the customer and/or merchant uses a smartphone to realise information exchange and complete fund transfers for the purpose of payment. Mobile payments can be used for both physical and digital goods, as well as payment of bills, payment of tickets, account transactions, and person-to-person money transfers. The services are generally performed via specific software applications downloaded onto the smartphone.

By virtue of being a payment enabler, the smartphone has become a viable tool in the retail payment system. Advances in technology make it such that merchants are able to utilise smartphones coupled with dongles as mobile EFTPOS terminals. The use of smartphones as mobile EFTPOS terminals is expected to further drive the EFTPOS terminal market as its widespread usage assists entrepreneurs to partake in the retail payment system in the electronic payment industry.

EFTPOS terminals constitute a major payment channel in the retail payment system of the electronic payment industry in Malaysia. The EFTPOS terminal market, as measured by the total transaction value, has grown steadily over the past five (5) years. In 2015, the Malaysian EFTPOS terminal market captured RM141.5 billion in transaction value, from RM100.4 billion in 2011, at a CAGR of 9.0%.

In contrast, the transaction values for Internet banking and mobile banking expanded at faster CAGRs of 25.3% and 121.7%, respectively, between 2011 and 2015. The transaction value for Internet banking increased from RM1,934.2 billion to RM4,773.6 billion, while the transaction value for mobile banking grew from RM852 million to RM20.6 billion, during the corresponding period of time.

Table 1: Transaction values of payment cards, internet banking and mobile banking (RM million)

Year	Payment cards	Internet banking	Mobile banking
2011	100,441	1,934,208	852
2012	109,163	2,978,435	4,237
2013	118,410	3,457,627	9,243
2014	128,843	4,108,271	14,677
2015	141,538	4,773,641	20,565
CAGR	9.0%	25.3%	121.7%

Note:

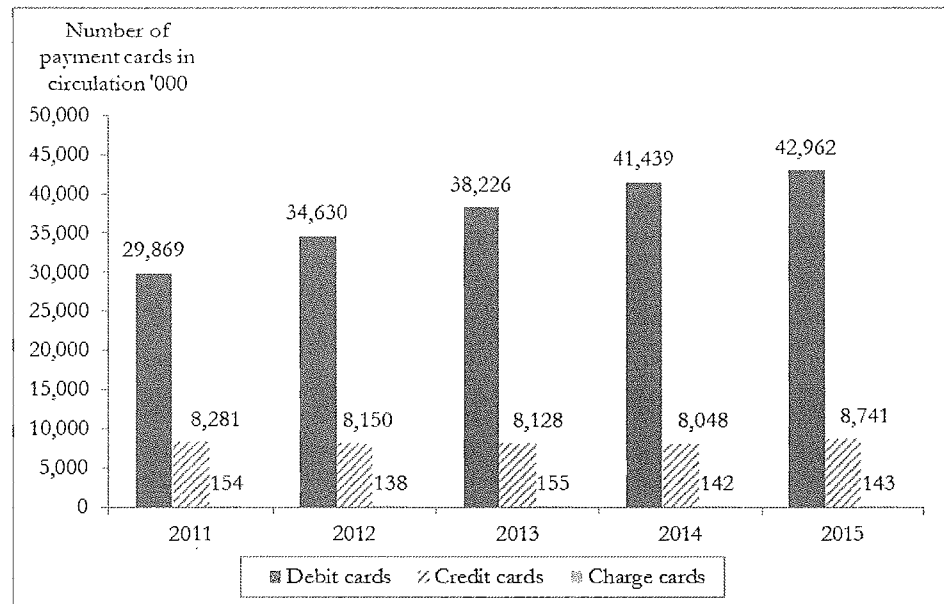
Internet banking encompasses both individual and corporate.

(Source: IMR Report)

7.3.3 Payment cards in circulation in Malaysia

The total number of payment cards in circulation reached 51.9 million cards in 2015, from 38.3 million cards in 2011.

Figure 4: Number of payment cards in circulation in Malaysia



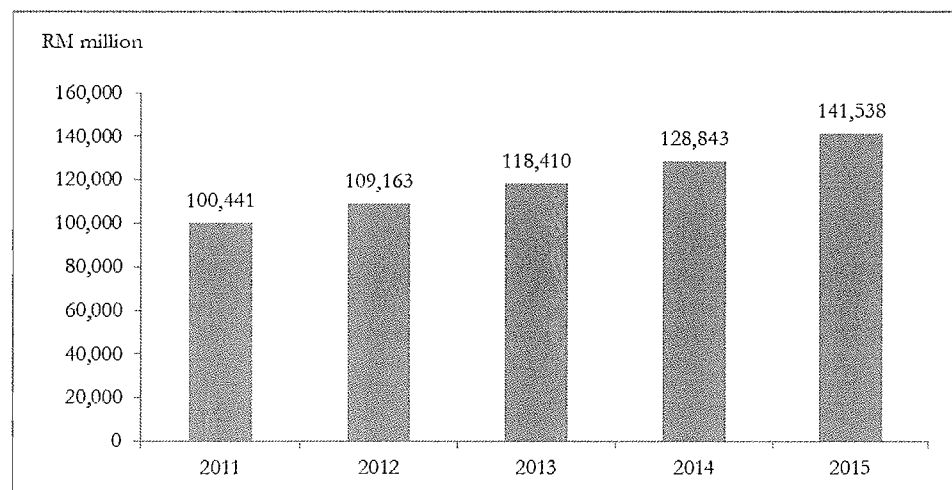
(Source: IMR Report)

In the drive towards a cashless society, debit cards have been extensively promoted by BNM. This resulted in the expansion in the number of debit cards in circulation by a healthy CAGR of 9.5%, from 29.9 million cards in 2011 to 42.9 million cards in 2015.

7.3.4 Total transaction value of all payment cards in Malaysia

Along with the increase in payment cards in circulation, total transaction value for all payment cards in the retail payment system in Malaysia increased steadily to RM141.5 billion in 2015, from RM100.4 billion in 2011, generating a CAGR of 9.0%.

Figure 5: Transaction value for all payment cards in retail payment system in Malaysia



(Source: IMR Report)

7.3.5 Transaction value by types of payment cards

Among all the various types of cards used for retail payments at EFTPOS terminals in Malaysia, the usage of domestic debit cards expanded faster than credit cards and charge cards. The transaction value for debit cards more than tripled, from RM6.3 billion in 2011 to RM19.9 billion in 2015. This yielded a CAGR of 33.6% during the period, as shown in the table below. The main reasons for their popularity as a substitute of cash for payments are as follows:

- Cardholders can manage their outgoing cash more effectively and the cash expenditures could be easily tracked; and
- Cardholders need not worry about financial charges (credit interests), late payment penalties and accumulative card debts that are associated with credit and charge card usage.

Table 2: Transaction value by types of payment cards in retail payment system in Malaysia (RM million)

Year	Credit cards	Charge cards	Debit cards	Total
2011	88,797	5,388	6,256	100,441
2012	94,085	6,459	8,619	109,163
2013	99,733	7,223	11,454	118,410
2014	105,498	8,560	14,785	128,843
2015	112,675	8,906	19,957	141,538
CAGR	6.1%	13.4%	33.6%	9.0%

(Source: IMR Report)

With the move towards a cashless society, more EFTPOS terminals will be utilised. Additionally, both banks and merchants will embark on measures to encourage more consumers to use payment cards, particularly debit cards for security and convenience purposes. The ratio of debit card transactions to withdrawals at automated teller machines (“ATM”) remained very low, at one (1) debit card transaction for every 7.8 ATM cash withdrawals, in 2015. This shows the potential for debit card transactions for EFTPOS terminals if ATM cash withdrawals are switched to debit card transactions.

The national spread of an electronic payment network in the form of EFTPOS terminals in support of commercial transactions is crucial for the further development of the electronic payment industry. Due to the growing acceptance and popularity of electronic payments among both consumers and merchants, the number of EFTPOS terminals in the Malaysian market increased steadily from 206,984 in 2011 to 280,704 in 2015, yielding a CAGR of 7.9% over the corresponding period. As a result of increasing consumer and merchant acceptance, the transaction value per EFTPOS terminal steadily increased to RM504,225 in 2015 from RM485,260 in 2011, yielding a CAGR of 1.0%.

(Source: IMR Report)

7.4 Outlook of the electronic payment industry in Malaysia

BNM has been directing various efforts at encouraging the use of electronic payments as a means of increasing economic efficiency, productivity and competitiveness. It has been the principal driver for the greater adoption of electronic payments and has coordinated efforts in Malaysia to achieve this agenda. Electronic payments will be promoted as the preferred medium for all economic transactions with the enabling infrastructure and regulatory support put in place to facilitate and encourage greater utilisation in the coming years.

The Payment Card Reform Framework launched by BNM in 2014 is expected to increase payment card acceptance, due to the lowering and capping of interchange fees and merchant discount rates in the retail payment system. In turn, it will spur the uptake of EFTPOS terminals by smaller merchants due to the more affordable costs. Additionally, both banks and merchants will embark on measures to encourage more consumers to use payment cards, particularly debit cards for security and convenience.

Electronic payments are evolving rapidly and changing the way consumers and businesses operate. They are anticipated to accelerate the pace, scale, and reach of commerce by enabling electronic transactions and displacing cash in Malaysia. Consumers are becoming more comfortable with making higher value purchases via electronic payments in the retail payment system as the overall user experience improves. As technology and telecommunications companies roll out electronic payment applications and services, mobile strategies are beginning to transform existing business models in a number of industries such as financial services and retail.

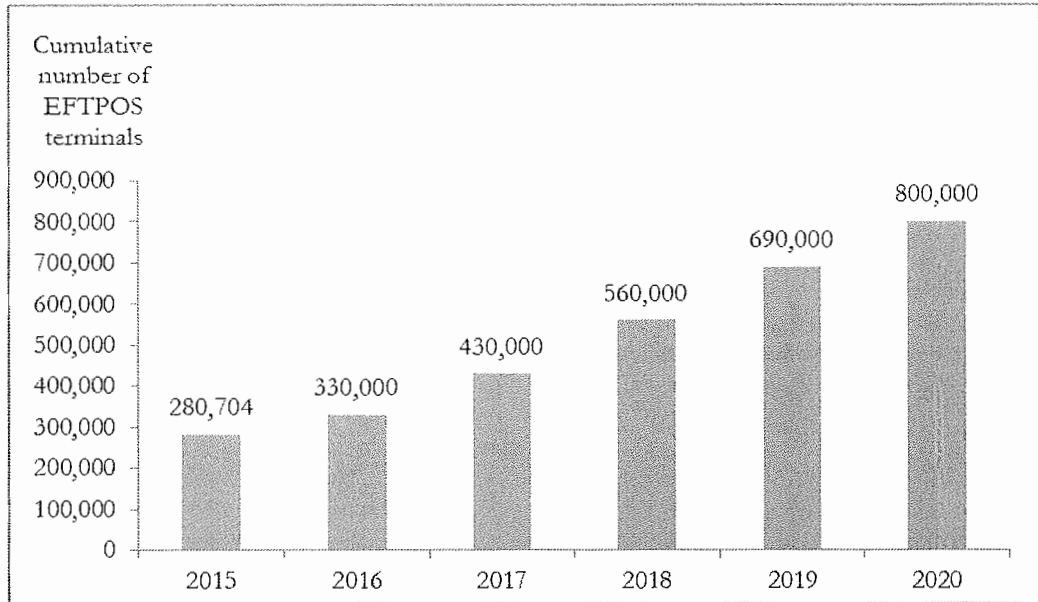
The adoption of the widely used smartphone as a mobile EFTPOS terminal by merchants is anticipated to further drive the adoption of electronic payments. This is supplemented by factors such as declining smartphone prices and attendant network costs. The physical characteristics of smartphones which are small, portable, multi-functional and affordable, has positioned the smartphone as a very important item in the daily lives of the consumer. The widespread growth of the smartphone has rendered it the most popular technology device of all time. Smartphone penetration reached approximately 60% in Malaysia in 2015.

Going forward, electronic payments are expected to continue expanding in Malaysia and the growing interests in this industry can be attributed to the fact that electronic payments can bring different added values to different participants, as follows:

- For the customer, electronic payments improve the convenience and security of the payment process. Fraud losses on electronic payments have remained low due to various measures undertaken to enhance payment security such as the migration to chip-based cards in 2005 and the implementation of an authentication method which requires cardholders to enter a unique one-time password to authorise online transactions. BNM has also raised the minimum security requirements for both debit cards and charge cards to the same level as credit cards in 2014. Such initiatives by BNM are expected to continue to increase consumer confidence in the adoption of payment cards over the future; and
- For financial institutions, developing and improving the convenience and security of electronic payments can assist to create product differentiation in the market. In addition, financial institutions have the opportunity to diversify their revenue base to more fee-based income, instead of relying on the traditional interest-based income, which is subject to interest margin compression.

It is anticipated that the market size for EFTPOS terminals will increase from 280,704 terminals in 2015 to 800,000 terminals in Malaysia in 2020, yielding a CAGR of 23.3% over the corresponding period.

Figure 7: Forecasted cumulative number of EFTPOS terminals in Malaysia



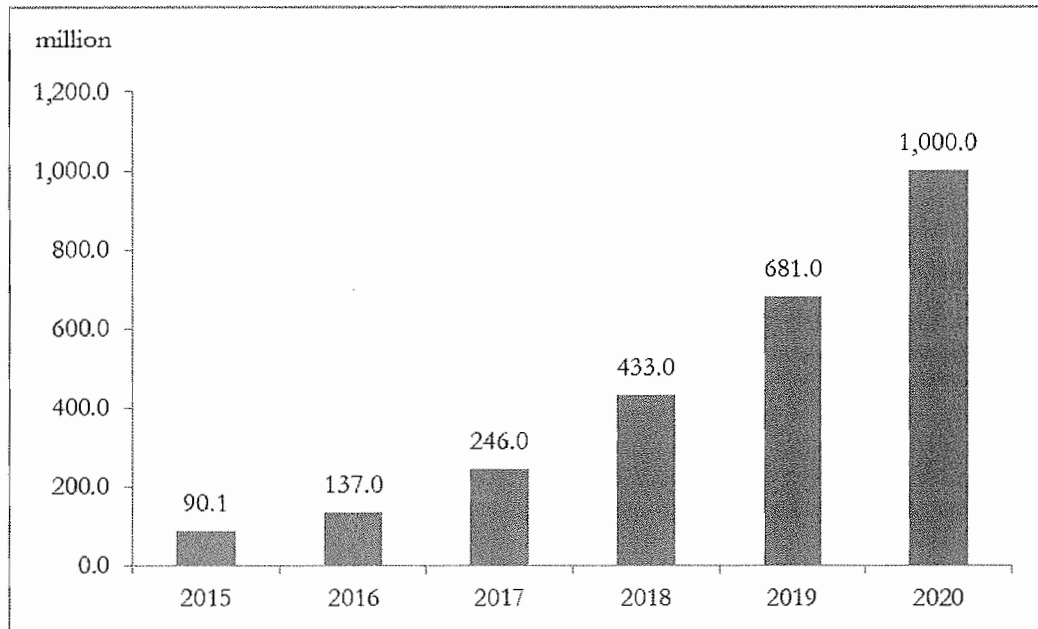
Note:

Figure for 2015 is an actual number.

(Source: IMR Report)

It is forecasted that the number of debit card transactions will expand tremendously in tandem, from 90.1 million transactions in 2015 to 1,000 million transactions in 2020, generating a CAGR of 61.8%.

Figure 8: Forecasted number of debit card transactions in Malaysia



Notes:

Figure for 2015 is an actual number.

BNM does not provide a forecast in terms of value, but rather, the number of transactions. Similarly, BNM only provides a forecast for debit card transactions.

(Source: IMR Report)

The electronic payment industry in Malaysia expanded by 18.1% in 2015, as measured by the number of EFTPOS terminals in the market. It is anticipated to further grow by 17.6% in 2016.

7.5 Prospects of our Group

Our Group intends to expand its involvement in the electronic payment industry and its prospects are expected to be favourable, taking into consideration the overview and outlook of the electronic payment industry where there is increasing demand and a supportive environment for electronic payment services (as set out in Sections 7.3 and 7.4 of this AP). Specifically, our Group intends to venture into EFTPOS terminal segment (both wired and wireless) which is a major payment channel in the retail payment system of the electronic payment industry in Malaysia. As mentioned in Section 7.3.2 of this AP, the EFTPOS terminal market, as measured by the total transaction value, has grown steadily over the past five (5) years whilst in 2015, the Malaysian EFTPOS terminal market captured RM141.5 billion in transaction value, from RM100.4 billion in 2011, at a CAGR of 9.0%. In addition, the continued growth of the ICT industry and strong demand for cellular and broadband services (as set out in Section 7.2 of this AP) further supports the growth in the electronic payment industry in view that our Group's business (including the expansion into mobile payment solutions) is reliant on the broadband infrastructure (i.e., broadband availability and rate of penetration). Thus the growth in the broadband infrastructure is expected to boost the rate of the use of mobile payment as the preferred choice of payment.

With the acquisition of Payallz, this provides our Group with an avenue to penetrate into the electronic payment industry more expeditiously as our Group will be able to recruit qualified merchants to adopt its electronic payment services. This provides our Group with a 'ready' market and will enable our Group to effectively manage the timing for the commercialisation of its electronic payment services. As mentioned in Section 5 of this AP, Payallz has installed 421 units of EFTPOS terminals to merchants for the electronic payment services and our Group targets to increase the number to 4000 units of EFTPOS terminals and 15,000 units of EFTPOS terminals to adopt its electronic payment services within the next three (3) years based on the Minimum Scenario and Maximum Scenario, respectively.

In view that our Group (via Payallz) will earn a fee based on the total sales volume generated by the merchants, our Group expects the revenue to be generated from the electronic payment solution business to increase exponentially with the increasing numbers of merchants to be recruited and the respective merchants' transaction value / sales volume to be generated using the EFTPOS terminals. Furthermore, our Group (via Payallz) also earns rental / lease income from the merchants for the supply of the electronic payment services. As such, the expansion of our Group's involvement in the electronic payment industry is expected to contribute positively and improve our Group's future financial performance and position.

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8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

8.1 Issued and paid-up share capital

Until such time when the SIS Options are exercised into new NetX Shares, the SIS will not have an immediate effect on the issued and paid-up share capital of our Company. The issued and paid-up share capital of our Company will increase progressively depending on the quantum of the SIS Options granted and exercised and the number of new NetX Shares issued pursuant thereto.

The pro forma effects of the Rights Issue of Shares with Warrants and SIS on the issued and paid-up share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of NetX Shares	RM	No. of NetX Shares	RM
Issued and paid-up share capital as at the LPD	625,553,033	31,277,651	625,553,033	31,277,651
To be issued pursuant to the Rights Issue of Shares with Warrants	90,000,000	4,500,000	625,553,033	31,277,652*
To be issued pursuant to the full exercise of the Warrants	715,553,033	35,777,651	1,251,106,066	62,555,303
To be issued pursuant to the full exercise of the SIS Options	90,000,000	4,500,000	625,553,033	31,277,652*
To be issued pursuant to the full exercise of the SIS Options	805,553,033	40,277,651	1,876,659,099	93,832,955
Enlarged issued and paid-up share capital	241,665,900	12,083,295	562,997,700	28,149,885
	1,047,218,933	52,360,946	2,439,656,799	121,982,840

Note:

* Please note that there are rounding of numbers in the casting.

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8.2 NA, NTA and gearing

The pro-forma effects of the Rights Issue of Shares with Warrants and SIS on our NA, NTA and gearing based on our audited consolidated financial statements as at 30 June 2015 are as follows:

Minimum Scenario

	(Audited) As at 30 June 2015 (RM)	(I) After Par Value Reduction (RM)	(II) After (I) and Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants (RM)
Share capital	62,555,303	31,277,651	35,777,651	40,277,651
Share premium	2,598,963	2,598,963	1,598,963 ⁽¹⁾	1,598,963
Warrant reserves	-	-	2,358,000 ⁽²⁾	-
Other reserves	-	-	(2,358,000)	-
Accumulated losses	(46,574,552)	(15,296,900)	(15,296,900)	(15,296,900)
Shareholders' funds / NA	18,579,714	18,579,714	22,079,714	26,579,714
No. of ordinary shares* in NetX in issue	625,553,033	625,553,033	715,553,033	805,553,033
NA per ordinary shares* in NetX (RM)	0.03	0.03	0.03	0.03
NTA per ordinary shares* in NetX (RM)	0.01	0.01	0.02	0.02
Total borrowings (RM)	3,408,333	3,408,333	3,408,333	3,408,333
Gearing (times)	0.18	0.18	0.15	0.13

Notes:

- * The par value of the ordinary shares in our Company in Column (Audited) is RM0.10 and the par value of the ordinary shares in our Company in Columns (I), (II) and (III) is RM0.05.
- (1) After deducting the estimated expenses of RM1,000,000 for the Corporate Exercises.
- (2) Arises from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0262 each based on the Black-Scholes Option Pricing Model.

Maximum Scenario

	(Audited) As at 30 June 2015 (RM)	(I) After Par Value Reduction (RM)	(II) After (I) and Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants (RM)
Share capital	62,555,303	31,277,651	62,555,303	93,832,955
Share premium	2,598,963	2,598,963	1,598,963 ⁽¹⁾	1,598,963
Warrant reserves	-	-	16,139,268 ⁽²⁾	-
Other reserves	-	-	(16,139,268)	-
Accumulated losses	(46,574,552)	(15,296,900)	(15,296,900)	(15,296,900)
Shareholders' funds / NA	18,579,714	18,579,714	48,857,366	80,135,018
No. of ordinary shares* in NetX in issue	625,553,033	625,553,033	1,251,106,066	1,876,659,099
NA per ordinary shares* in NetX (RM)	0.03	0.03	0.04	0.04
NTA per ordinary shares* in NetX (RM)	0.01	0.01	0.03	0.04
Total borrowings (RM)	3,408,333	3,408,333	108,333	108,333
Gearing (times)	0.18	0.18	Neg	Neg

Notes:

Neg Negligible.

* The par value of the ordinary shares in our Company in Column (Audited) is RM0.10 and the par value of the ordinary shares in our Company in Columns (I), (II) and (III) is RM0.05.

(1) After deducting the estimated expenses of RM1,000,000 for the Corporate Exercises.

(2) Arises from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0258 each based on the Black Scholes Option Pricing Model.

The effect of the SIS on our Group's NA would depend on factors such as the number of SIS Options granted and the fair value of the SIS Options after taking into account, *inter-alia*, the subscription price as well as any vesting conditions. Whilst the granting of the SIS Options under the SIS is expected to result in recognition of a charge in the statement of comprehensive income of our Group pursuant to the MFRS-2, the recognition of such MFRS-2 charge would not impact on the NA of our Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

In the event none of the granted SIS Options are exercised within the duration of the SIS, the amount outstanding in the said equity compensation reserve would be transferred into our Group's retained earnings. On the other hand, if the granted SIS Options are exercised, the amount outstanding in the said equity compensation reserve would be transferred into the share premium account of our Company.

The SIS will not have any immediate effect on the consolidated NA per Share until such time when the SIS Options are exercised. The consolidated NA per Share following the exercise of the SIS Options will increase if the subscription price exceeds the consolidated NA per Share at the point of exercise of the SIS Options and conversely will decrease if the subscription price is below the consolidated NA per Share at the point of the exercise of the SIS Options.

The SIS is not expected to have an immediate effect on the gearing level of our Group until such time when the SIS Options are granted and exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of the SIS shares to be issued as well as the subscription price payable upon the exercise of the SIS Options.

8.3 Earnings and EPS

The Rights Issue of Shares with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of our Company for the financial year ending 30 June 2016 as it is only expected to be completed in the first (1st) half of year 2016 while the proceeds to be raised are only expected to be utilised within twenty-four (24) months from the date of listing of the Rights Shares. Nevertheless, the Rights Issue of Shares with Warrants is expected to contribute positively to the future earnings and EPS of our Group when the benefits of the utilisation of proceeds are realised.

The SIS is not expected to have any immediate material effect on the earnings of our Group, save for the possible impact of MFRS-2. However, any potential effect on the EPS of our Group in the future would depend on the impact of MFRS-2, the number of SIS Options granted and exercised as well as the utilisation of the proceeds raised from the exercise of the SIS Options.

Under the MFRS-2, the potential cost arising from the issuance of the SIS Options, which is measured by the fair value of the SIS Options after taking into account, *inter-alia*, the number of SIS Options granted and vested and the subscription price will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of our Group, the quantum of which can be determined only at the grant date. However, the estimated cost does not represent a cash outflow by our Company as it is merely an accounting treatment.

Our Company has taken note of the potential impact of MFRS-2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of the SIS Options to the Eligible Persons.

The EPS of our Company shall be correspondingly diluted as a result of the increase in the number of NetX Shares in issue pursuant to the issuance of the Rights Shares and the new NetX Shares arising from the exercise of the Warrants and SIS Options in the future.

The effect of any exercise of the Warrants and SIS Options on our Group's consolidated EPS would be dependent on the returns generated by our Group from the utilisation of proceeds arising from the exercise of the Warrants and SIS Options.

For illustration purposes, assuming the Rights Issue of Shares with Warrants was completed on 1 July 2014, being the commencement for the FYE 30 June 2015, our EPS shall be as follows:

Minimum Scenario

	(Audited) As at 30 June 2015	(I) After Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM)	(11,916,083)	(11,916,083)	(11,916,083)
No. of NetX Shares in issue	625,553,033	715,553,033	805,553,033
No. of Warrants in issue	-	90,000,000	-
Basic LPS (sen)	(1.90)	(1.67)	(1.48)
Diluted LPS (sen)	N/A	N/A [^]	N/A

Notes:

N/A Not applicable.

[^] The diluted LPS is not disclosed as the effects on the assumed exercised of the Warrants is anti-dilutive.

Maximum Scenario

	(Audited) As at 30 June 2015	(I) After Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM)	(11,916,083)	(11,916,083)	(11,916,083)
No. of NetX Shares in issue	625,553,033	1,251,106,066	1,876,659,099
No. of Warrants in issue	-	625,553,033	-
Basic LPS (sen)	(1.90)	(0.95)	(0.63)
Diluted LPS (sen)	N/A	N/A [^]	N/A

Notes:

N/A Not applicable.

[^] The diluted LPS is not disclosed as the effects on the assumed exercised of the Warrants is anti-dilutive.

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9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operations and banking facilities available, our Group will have adequate working capital for the next twelve (12) months from the date of this AP.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM3.19 million, are interest-bearing and from local financial institutions, details of which are as follows:

	Interest-bearing borrowings RM'000
Long term borrowings:	
Term loan - secured	2,924
Short term borrowings:	
Term loan - secured	271
TOTAL	<u><u>3,195</u></u>

All outstanding borrowings are denominated in RM.

There is no non-interest bearing and/or foreign currency denominated borrowings as at the LPD.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 30 June 2015, and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there is no contingent liability incurred or known to be incurred by our Company or our Group, which may have material impact on the financial position of our Group.

9.4 Material commitments

As at the LPD, there is no material commitment incurred or known to be incurred by our Company or our Group, which upon being enforced, may materially affect the financial position of our Group.

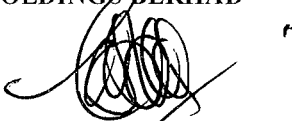
10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue of Shares with Warrants is governed by the terms and conditions as set out in this AP, the Decd Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
NETX HOLDINGS BERHAD



TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN
(Chairman / Independent Non-Executive Director)

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 21 JANUARY 2016

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

**EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING
HELD ON 21 JANUARY 2016**

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 625,553,033 NEW ORDINARY SHARES OF RM0.05 EACH IN NETX ("NETX SHARES" OR "SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING NETX SHARE HELD AFTER THE PROPOSED PAR VALUE REDUCTION, TOGETHER WITH UP TO 625,553,033 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

RESOLVED:

THAT, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, the completion of the Proposed Par Value Reduction (as defined in Special Resolution 1) and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the board of directors of the Company ("Board") for the following:

- (i) provisionally allot and issue by way of a renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.05 each in NetX ("NetX Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Proposed Par Value Reduction as defined in Special Resolution 1, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Shares subscribed by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board ("Proposed Rights Issue of Shares with Warrants");
- (ii) to determine the final issue price of the Rights Shares after taking into consideration the following:
 - (a) the theoretical ex-rights price ("TERP") of NetX Shares based on the five (5)-day volume weighted average market price ("5D-VWAP") of NetX Shares with a discount to the TERP if applicable or deemed appropriate by the Board prior to the price fixing date to be determined later by the Board; and
 - (b) the par value of NetX Shares of RM0.05 each after the Proposed Par Value Reduction,
- (iii) to determine the final exercise price of the Warrants after taking into consideration the following:
 - (a) the TERP of NetX Shares based on the 5D-VWAP of NetX Shares with a discount to the TERP if applicable or deemed appropriate by the Board prior to the price fixing date to be determined later by the Board; and
 - (b) the par value of NetX Shares of RM0.05 each after the Proposed Par Value Reduction,
- (iv) enter into and execute the deed poll in relation to the Proposed Rights Issue of Shares with Warrants ("Deed Poll") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and
- (v) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 3 of the circular to shareholders dated 30 December 2015 ("Circular") and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company,

THAT the Rights Shares and the new NetX Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing NetX Shares, save and except that the Rights Shares and the new NetX Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares and the new NetX Shares arising from the exercise of the Warrants.

...2/-

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 21 JANUARY 2016 (CONT'D)

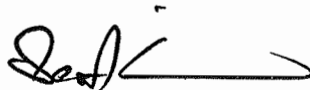
**NETX HOLDINGS BERHAD (533441-W)
EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 21 JANUARY 2016**

Page 2 of 2

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants.

Dated: 21 January 2016

CERTIFIED TRUE & CORRECT



**SECRETARY
SEOW FEI SAN**

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 30 November 2000 under the Act as a private limited company under the name Competitive Design Sdn Bhd. On 27 March 2001, the name of our Company was changed to Global Soft (MSC) Sdn Bhd. Our Company was subsequently converted to a public company on 22 October 2001 and assumed the name of Global Soft (MSC) Bhd. On 15 April 2003, our Company was listed on the then MESDAQ Market of Bursa Securities (now known as ACE Market of Bursa Securities). On 26 November 2009, our Company changed its name from Global Soft (MSC) Bhd to Ariantec Global Berhad. On 28 October 2013, our Company changed its name from Ariantec Global Berhad to NetX Holdings Berhad.

Our Group is mainly involved in investment holding, research and development of software, system design, integration and installation and provision of hardware solutions and IT services. The business of our Group is to supply, deliver, maintain and provide support services to perform specific IT functions and tasks requested by the customers and provision of an electronic payment system which consists of electronic payment platform and support centre(s), hardware, software and support services platform.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this appendix.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital as at the LPD are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised share capital	5,000,000,000	0.05	250,000,000
Issued and paid-up share capital	625,553,033	0.05	31,277,651

There changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment/change	No. of Shares allotted	Par value RM	Description	Cumulative issued and paid-up share capital RM
13 November 2013	56,800,000	0.10	Cash (from private placement)	62,555,303
11 March 2016	-	0.05	Par value reduction from RM0.10 to RM0.05 each	31,277,651

3. BOARD DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the age, professions, nationalities, designations and addresses of our Board.

INFORMATION ON OUR COMPANY (CONT'D)**4. DIRECTORS' SHAREHOLDINGS**

The Rights Issue of Shares with Warrants and SIS will not have any effect on the shareholdings of our Directors as none of our Directors have any interest in the Shares of our Company as at the LPD and our Directors do not fall under the criteria of Eligible Persons for participation under the SIS.

5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Until such time when the SIS Options are exercised into new NetX Shares, the SIS is not expected to have any immediate effect on the shareholdings of the substantial shareholders of our Company. Dilution of the shareholdings of our Company arising from the SIS will depend on the number of SIS Options granted and exercised by our employees whom are Eligible Persons under the SIS at any point in time throughout the duration of the SIS.

The pro forma effects of the Rights Issue of Shares with Warrants and SIS on the shareholdings of our substantial shareholders as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD		(I) After the Rights Issue of Shares with Warrants					
	Direct		Indirect		Direct		Indirect	
	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%
Asiabio	56,000,000	8.95	-	-	146,000,000	20.40	-	-
Metronic Global Berhad	44,053,400	7.04	-	-	44,053,400	6.16	-	-
Asia Bioenergy Technologies Berhad ⁽¹⁾	-	-	56,000,000	8.95	-	-	146,000,000	20.40

INFORMATION ON OUR COMPANY (CONT'D)

Name	(II) After (I) and assuming full exercise of the Warrants				(III) After (II), SIS and assuming full exercise of the SIS Options			
	Direct		Indirect		Direct		Indirect	
	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%
Asiabio	236,000,000	29.30	-	-	236,000,000	22.54	-	-
Metronic Global Berhad	44,053,400	5.47	-	-	44,053,400	4.21	-	-
Asia Bioenergy Technologies Berhad ⁽¹⁾	-	-	236,000,000	29.30	-	-	236,000,000	22.54

Note:

(1) Deemed interested pursuant to Section 6A of the Act by virtue of its shareholding in Asiabio.

Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%
Asiabio	56,000,000	8.95	-	-	112,000,000	8.95	-	-
Metronic Global Berhad	44,053,400	7.04	-	-	88,106,800	7.04	-	-
Asia Bioenergy Technologies Berhad ⁽¹⁾	-	-	56,000,000	8.95	-	-	112,000,000	8.95

INFORMATION ON OUR COMPANY (CONT'D)

Name	(II) After (I) and assuming full exercise of the Warrants				(III) After (II), SIS and assuming full exercise of the SIS Options			
	Direct		Indirect		Direct		Indirect	
	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%	No. of NetX Shares	%
Asiabio	168,000,000	8.95	-	-	168,000,000	6.89	-	-
Metronic Global Berhad	132,160,200	7.04	-	-	132,160,200	5.42	-	-
Asia Bioenergy Technologies Berhad ⁽¹⁾	-	-	168,000,000	8.95	-	-	168,000,000	6.89

Note:

(1) Deemed interested pursuant to Section 6A of the Act by virtue of its shareholding in Asiabio.

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INFORMATION ON OUR COMPANY (CONT'D)

6. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
Ariantec	8 May 2000, Malaysia	Provision of turnkey solutions on the network infrastructure, security management and sale and rental of EFTPOS terminals	RM3,957,196	100
Payallz	2 February 2012, Malaysia	Provision of Master Merchant and sub-contractors services	RM100,000	60 ⁽¹⁾
EarnMe Asia Sdn Bhd (formerly known as Spammerspy Technologies International Sdn Bhd) ⁽²⁾	6 February 2006, Malaysia	Temporarily inactive	RM500,000	100
NetX Digital Limited	18 November 2015, Republic of Seychelles	Trading of IT related hardware and software equipment	United States Dollar 10,000	100

We do not have any associated companies as at the LPD.

Note:

- (1) *The remaining 40% equity interest in Payallz are owned by a third party whom is not a Director nor a substantial shareholder of our Company as at the LPD.*
- (2) *EarnMe Asia Sdn Bhd (formerly known as Spammerspy Technologies International Sdn Bhd) was previously involved in consultation, supply and commissioning of information technologies. This company has been inactive since 2011. It is intended for this company to provide or facilitate customer loyalty programmes for merchants starting in the fourth (4th) quarter of 2016.*

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INFORMATION ON OUR COMPANY (CONT'D)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 31 December 2012, eighteen (18)-month FPE 30 June 2014, FYE 30 June 2015, as well as the financial results for the six (6)-month FPE 31 December 2014 and six (6)-month FPE 31 December 2015 are as follows:

	<----- Audited ----->			<----- Unaudited ----->	
	FYE 31 December 2012 RM'000	Eighteen (18)-month FPE 30 June 2014^ RM'000	FYE 30 June 2015 RM'000	Six (6)- month FPE 31 December 2014 RM'000	Six (6)- month FPE 31 December 2015 RM'000
Revenue	2,866	5,171	3,581	2,425	5,913
GP / (GL)	506	(1,887)	4	70	3,886
Other income	111	817	116	50	248
Administrative expenses	(2,145)	(3,335)	(1,230)	(653)	(805)
Other operating expenses	(16,168)	(1,894)	(9,762)	(1)	(26)
Operating (loss) / profit	(17,696)	(6,299)	(10,872)	(534)	3,303
Finance costs	(235)	(332)	(205)	(95)	(100)
(LBT) / PBT	(17,931)	(6,631)	(11,077)	(629)	3,203
Tax income / (expense)	2,433	789	(863)	-	-
(LAT) / PAT	(15,498)	(5,842)	(11,940)	(629)	3,203
(Loss) / Profit attributable to:					
Owners of our Company	(15,496)	(5,840)	(11,916)	(629)	3,207
Non-controlling interests	(2)	(2)	(24)	-	(4)
Net (loss) / profit for the financial year	(15,498)	(5,842)	(11,940)	(629)	3,203
(LBITDA) / EBITDA	(17,475)	(6,126)	(10,795)	(495)	3,339
GP margin (%)	17.66	36.49	0.11	2.89	65.72
(LBT) / PBT margin (%)	(625.65)	(128.23)	(309.33)	(25.94)	54.17
(PBT) / PAT margin (%)	(540.75)	(112.98)	(333.43)	(25.94)	54.17
Weighted average number of Shares in issue ('000)	568,753	592,160	625,553	625,553	625,553
Basic (LPS) / EPS ⁽¹⁾ (sen)	(2.72)	(0.99)	(1.90)	(0.10)	0.51
Diluted (LPS) / EPS (sen)	N/A	N/A	N/A	N/A	N/A
Dividend (sen)	-	-	-	-	-

Source: Annual reports for the respective financial years/period and quarterly announcements for the respective financial periods.

Notes:

^ On 10 December 2013, our Company announced the change in our financial year end from 31 December to 30 June.

N/A Not applicable

(1) Being the PAT attributable to owners of the Company divided by weighted average number of Shares in issue for the respective financial years/periods under review.

INFORMATION ON OUR COMPANY (CONT'D)**(a) Eighteen (18)-month FPE 30 June 2014 vs. FYE 31 December 2012**

Our Group's revenue increased by RM0.58 million or 20.28% from RM2.87 million in the FYE 31 December 2012 to the annualised revenue of RM3.45 million for the eighteen (18)-month FPE 30 June 2014 (the revenue for the eighteen (18)-month FPE 30 June 2014 was RM5.17 million). The increase in revenue was mainly due to increased demand for our products during the eighteen (18)-month FPE 30 June 2014 compared to the FYE 31 December 2012 as a result of our Group's sales effort and discounts given to customers in order to clear slow moving inventories. Revenue for the eighteen (18)-month FPE 30 June 2014 was mainly derived from customer orders of networking hardware and related equipment.

Our Group recorded an annualised GL and GL margin of RM1.26 million and 36.49% in the eighteen (18)-month FPE 30 June 2014 compared to a GP and GP margin of RM0.51 million and 17.66% in FYE 31 December 2012 mainly due to inventory written down and written off of RM1.14 million and steep discounts given to customers in order to clear slow moving inventories (the GL for the eighteen (18)-month FPE 30 June 2014 was RM1.89 million).

Other income for the eighteen (18)-month FPE 30 June 2014 of RM0.82 million comprised mainly of bad debts recovered of RM0.70 million and interest income of RM56,134 compared to the FYE 31 December 2012 of RM0.11 million which comprised mainly of interest income of RM56,454 and realised gain of foreign exchange of RM32,936.

The loss decreased by RM9.66 million from RM15.50 million in the FYE 31 December 2012 to RM5.84 million in the eighteen (18)-month FPE 30 June 2014 (the annualised loss for the eighteen (18)-month FPE 30 June 2014 was RM3.89 million). The decrease in loss was mainly attributed to the following:

- (i) lower impairment loss on trade receivables amounting to RM7,000 in the eighteen (18)-month FPE 30 June 2014 as opposed to RM8.12 million in the FYE 31 December 2012; and
- (ii) lower impairment loss on goodwill amounting to RM0.28 million in the eighteen (18)-month FPE 30 June 2014 as opposed to RM6.66 million in the FYE 31 December 2012.

(b) FYE 30 June 2015 vs. eighteen (18)-month FPE 30 June 2014

Our Group's revenue decreased by RM1.59 million or 30.75% from RM5.17 million in the eighteen (18)-month FPE 30 June 2014 to RM3.58 million in the FYE 30 June 2015 (the annualised revenue for the eighteen (18)-month FPE 30 June 2014 was RM3.45 million). Our Group's revenue for the FYE 30 June 2015 did not vary significantly from the annualised revenue for the eighteen (18)-month FPE 30 June 2014. Revenue for the FYE 30 June 2015 was mainly derived from customer orders of networking hardware and related equipment.

Our Group recorded a GP and GP margin of RM4,165 and 0.11% in the FYE 30 June 2015 compared to a GL and GL margin for the eighteen (18)-month FPE 30 June 2014 was RM1.89 million and 36.49% (the annualised GL for the eighteen (18)-month FPE 30 June 2014 was RM1.26 million). The improved GP and GP margin is mainly due to inventory written down and written off of RM1.14 million and steep discounts given to customers in order to clear slow moving inventories in the eighteen (18)-month FPE 30 June 2014 while there is none for FYE 30 June 2015.

Other income for the FYE 30 June 2015 of RM0.12 million comprised mainly of interest income of RM42,467 and rental income of RM66,451 compared to the eighteen (18)-month FPE 30 June 2014 of RM0.82 million which comprised mainly of bad debts recovered of RM0.70 million and interest income of RM56,134.

INFORMATION ON OUR COMPANY (CONT'D)

The loss increased by RM6.08 million from RM5.84 million for the eighteen (18)-month FPE 30 June 2014 to RM11.92 million for the FYE 30 June 2015 (the annualised loss for the eighteen (18)-month FPE 30 June 2014 was RM3.89 million). The increase in loss was mainly due to the higher impairment loss on goodwill amounting to RM9.76 million in the FYE 30 June 2015 as opposed to RM0.28 million in the eighteen (18)-month FPE 30 June 2014.

The increased losses were partially mitigated mainly by the following:

- (i) no written down of inventories in the FYE 30 June 2015 as opposed to RM1.14 million in the eighteen (18)-month FPE 30 June 2014; and
- (ii) a one-time deposits and prepayment written off amounting to RM0.71 million in the eighteen (18)-month FPE 30 June 2014.

(c) **Six (6)-month FPE 31 December 2015 vs. six (6)-month FPE 31 December 2014**

Our Group's revenue increased by RM3.49 million from RM2.43 million in the six (6)-month FPE 31 December 2014 to RM5.91 million in the six (6)-month FPE 31 December 2015. The increase in revenue was mainly due to higher sale of networking hardware and related equipments.

Our Group's GP and GP margin increased from RM70,500 and 2.89% in the six (6)-month FPE 31 December 2014 to RM3.89 million and 65.72% in the six (6)-month FPE 31 December 2015, respectively mainly due to higher selling prices of our Group's products and services as a result of more extensive product warranties and assurances given to our customers in the current financial period, while the revenue from previous financial period was mainly from the clearance of slow moving inventories.

Other income for the six (6)-month FPE 31 December 2015 of RM0.25 million comprised mainly of unrealised foreign exchange gain of RM0.16 million, rental income of RM69,000 and interest income of RM11,742 compared to the six (6)-month FPE 31 December 2014 of RM50,000 which comprised mainly of interest income of RM22,761 and rental income of RM27,000.

Our Group recorded a PAT of RM3.20 million in the six (6)-month FPE 31 December 2015 compared to a LAT of RM0.63 million in the six (6)-month FPE 31 December 2014 mainly due to the improved GP and GP margin in the six (6)-month FPE 31 December 2015.

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INFORMATION ON OUR COMPANY (CONT'D)**8. HISTORICAL PRICES OF NETX SHARES**

The monthly high and low transacted prices of ordinary shares of RM0.10 in our Company for the past twelve (12) months are as follows:

	High RM	Low RM
2015		
May	0.075	0.050
June	0.065	0.050
July	0.055	0.045
August	0.045	0.025
September	0.045	0.030
October	0.045	0.035
November	0.055	0.035
December	0.050	0.045
2016		
January	0.050	0.040
February	0.060	0.035
March	0.050	0.040
April	0.050	0.040

Last transacted market price on 27 April 2015 (being the last trading date prior to the announcement dated 28 April 2015 as mentioned in Section 1 of this AP) was RM0.070 per NetX Share.

Last transacted market price on 12 October 2015 (being the last trading date prior to the announcement dated 13 October 2015 as mentioned in Section 1 of this AP) was RM0.040 per NetX Share.

Last transacted market price on 4 May 2016 (being the LPD prior to printing of this AP) was RM0.045 per NetX Share.

Last transacted market price on 13 May 2016 (being the last day on which NetX Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM0.045 each.

(Source: Bloomberg Finance L.P.)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON



ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825)
Chartered Accountants. Kuala Lumpur, Malaysia

Kuala Lumpur, Malaysia

Phone : +603 7981 1799

Fax No: +603 7980 4796

The Board of Directors
NETX HOLDINGS BERHAD
1-3 Street Wing, Sunsuria Avenue
Persiaran Mahogani, Kota Damansara
PJU 5, 47810 Selangor Darul Ehsan

4 May 2016

Dear Sirs

NETX HOLDINGS BERHAD ("NETX" OR "THE COMPANY") AND ITS SUBSIDIARIES ("NETX GROUP" OR "THE GROUP")

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position as at 30 June 2015 of NetX Group prepared by the Board of Directors of NetX ("the Directors"). The pro forma consolidated statements of financial position which is set out in Appendix I (which we have stamped for the purpose of identification) has been compiled by the Directors in connection with:

- (i) Reduction of the issued and paid-up share capital of NetX via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX to RM0.05 each in NetX ("NetX Share(s)" or "Share(s)") pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction");
- (ii) Renounceable rights issue of up to 625,553,033 new NetX Shares ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Par Value Reduction, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("Rights Issue of Shares with Warrants");
- (iii) Establishment of a share issuance scheme ("SIS") of up to thirty percent (30%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the SIS for the eligible persons of NetX and its subsidiaries (excluding dormant subsidiaries) ("SIS"); and
- (iv) Increase in the authorised share capital of NetX from RM70,000,000 comprising 1,400,000,000 NetX Shares (after the Par Value Reduction) to RM250,000,000 comprising 5,000,000,000 NetX Shares ("Increase in Authorised Share Capital").

(Collectively referred to as the "Corporate Exercises")

ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia Phone: +60(3) 7981 1799 Fax: +60(3) 7980 4796 E-Mail: kuala-lumpur@ecovis.com.my

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Page 1 of 4

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the Corporate Exercises on the audited consolidated statements of financial position of NetX Group as at 30 June 2015 as if the Corporate Exercises had taken place on that date.

The pro forma consolidated statements of financial position, because of its nature, may not be reflective of NetX Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of NetX Group.

Directors' Responsibilities

It is the sole responsibility of the Directors to prepare the pro forma consolidated statements of financial position as at 30 June 2015 on the basis described in notes to the pro forma consolidated statements of financial position as set out in Appendix I.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the proper compilation of the pro forma consolidated statements of financial position as at 30 June 2015, in all material respects, by the Directors on the basis described in the notes to the pro forma consolidated statements of financial position as set out in Appendix I.

In providing this opinion, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impacts of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions have been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

The audited financial statements of NetX for the financial year ended 30 June 2015 were reported by us to the members of NetX on 27 October 2015, which contained a qualified opinion in the auditors' report stated as follows:

"As stated in Note 7 to the financial statements, the carrying amount of the cash-generating unit, non-electronic payment services, inclusive of goodwill as of the year end exceeded its recoverable amount. Therefore, there was an impairment on the goodwill amount of RM9,761,353. The recoverable amount of the unit, being its value in use, was determined by the management based on the cash flow forecast and projections prepared. In this respect, key assumptions used in the said forecast and projections by their very nature depending on the economic situation and market volatility of products costs and products pricing. Accordingly, we are unable to ascertain whether the aforementioned cash flows forecast and projections would reasonably reflect future events and the set of economic condition that will exist and the resultant of further impairment loss on the carrying amount of goodwill, if any, that should be accounted for in the financial statements of the Group for the year ended 30 June 2015.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



In view of the above, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill for non-electronic payment services with a net carrying amount of RM10,087,481 as to whether potential adjustment for further impairment loss is necessary in the financial statements of the Group for the year ended 30 June 2015."

Basis of Opinion

We conducted our work in accordance with Malaysian Approved Standards on Assurance Engagements - (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in notes to the pro forma consolidated statements of financial position.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis described in notes to the pro forma consolidated statements of financial position, involves performing procedures to assess whether the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) the related pro forma adjustments give appropriate effect to the pro forma consolidated statements of financial position; and
- (ii) the pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (i) the pro forma consolidated statements of financial position of NetX Group as at 30 June 2015, which have been prepared by the Directors of NetX, have been properly compiled, in all material respects, on the basis stated in the accompanying notes to the pro forma consolidated statements of financial position using the audited financial statements of NetX Group as at 30 June 2015, which were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the consolidated statements of financial position and the accounting policies of NetX Group; and
- (ii) the adjustments made to the information used in the preparation of the pro forma consolidated statements of financial position are appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Other Matters

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus of NetX in connection with the Rights Issue of Shares with Warrants. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdiction. This letter is not to be used, circulated, quoted or otherwise referred to, for any other purpose nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the Abridged Prospectus in connection with the Rights Issue of Shares with Warrants. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction other than the Corporate Exercises.

Yours faithfully,

A handwritten signature in black ink that reads "Ecovis".

ECOVIS AHL PLT
AF 001825
Chartered Accountants

Kuala Lumpur

A handwritten signature in black ink that reads "CHUA KAH CHUN".

CHUA KAH CHUN
No: 2696/09/17 (J)
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

ECOVIS AHL PLT
(MF 001825)
 Chartered Accountants
 For identification purposes only

APPENDIX I

The pro forma consolidated statements of financial position of NetX Holdings Berhad ("NetX") as set out below are provided for illustrative purpose only and to show the effects of the transactions referred to in the notes accompanying as if they were effected on 30 June 2015.

SCENARIO 1: MAXIMUM SCENARIO

	Pro forma I	Pro forma II	Pro forma III
	After Par Value Reduction RM	After Proforma I and Rights Issue of Shares with Warrants RM	After Pro forma II and assuming full exercise of the Warrants RM
Audited Consolidated Statements of Financial Position as at 30 June 2015 RM			
Assets			
Non-current assets			
Property, plant and equipment	5,701,046	5,701,046	5,701,046
Goodwill on consolidation	10,780,355	10,780,355	10,780,355
Deferred tax assets	2,296,391	2,296,391	2,296,391
	<u>18,777,792</u>	<u>18,777,792</u>	<u>18,777,792</u>
Current assets			
Inventories	617,867	617,867	617,867
Trade receivables	868,505	868,505	868,505
Other receivables and prepaid expenses	959,822	959,822	959,822
Cash and cash equivalents	2,478,861	29,456,513	60,734,165
	<u>4,925,055</u>	<u>31,902,707</u>	<u>63,180,359</u>
TOTAL ASSETS	<u>23,702,847</u>	<u>50,680,499</u>	<u>81,958,151</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

	Audited Consolidated Statements of Financial Position as at 30 June 2015 RM	APPENDIX I		
		Pro forma I After Par Value Reduction RM	Pro forma II After Proforma I and Rights Issue of Shares with Warrants RM	Pro forma III After Pro forma II and assuming full exercise of the Warrants RM
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	62,555,303	31,277,651	62,555,303	93,832,955
Share premium	2,598,963	2,598,963	1,598,963	1,598,963
Warrant reserves	-	-	16,139,268	-
Other reserves	-	-	(16,139,268)	-
Accumulated losses	(46,574,552)	(15,296,900)	(15,296,900)	(15,296,900)
	18,579,714	18,579,714	48,857,366	80,135,018
Non-controlling interests	(60,144)	(60,144)	(60,144)	(60,144)
Total equity	18,519,570	18,519,570	48,797,222	80,074,874
Non-current liability				
Bank borrowings	3,150,245	3,150,245	-	-
Current liabilities				
Trade payables	1,100,596	1,100,596	1,100,596	1,100,596
Other payables, deposits and accruals	629,762	629,762	629,762	629,762
Deferred income	41,763	41,763	41,763	41,763
Amount owing to a Director	2,823	2,823	2,823	2,823
Bank borrowings	258,088	258,088	108,333	108,333
	2,033,032	2,033,032	1,883,277	1,883,277
TOTAL LIABILITIES	5,183,277	5,183,277	1,883,277	1,883,277
TOTAL EQUITY AND LIABILITIES	23,702,847	23,702,847	50,680,499	81,958,151
Issued and paid-up share capital (Unit)	625,553,033	625,553,033	1,251,106,066	1,876,659,099
Net assets per share (RM) ⁽¹⁾	0.03	0.03	0.04	0.04
Total borrowings (RM)	3,408,333	3,408,333	108,333	108,333
Gearing (times) ⁽²⁾	0.18	0.18	0.00	0.00

(1) Net assets is defined as equity attributable to owners of the Company.

(2) Gearing ratio is calculated on total borrowings divided by net assets.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> ECOVIS AHL PLT <small>(19 001829)</small> Chartered Accountants For Identification purposes only </div>			APPENDIX I	
	Audited Consolidated Statements of Financial Position as at 30 June 2015 RM	Pro forma I After Par Value Reduction RM	Pro forma II After Proforma I and Rights Issue of Shares with Warrants RM	Pro forma III After Pro forma II and assuming full exercise of the Warrants RM	APPENDIX I
Assets					
Non-current assets					
Property, plant and equipment	5,701,046	5,701,046	5,701,046	5,701,046	5,701,046
Goodwill on consolidation	10,780,355	10,780,355	10,780,355	10,780,355	10,780,355
Deferred tax assets	2,296,391	2,296,391	2,296,391	2,296,391	2,296,391
	<u>18,777,792</u>	<u>18,777,792</u>	<u>18,777,792</u>	<u>18,777,792</u>	<u>18,777,792</u>
Current assets					
Inventories	617,867	617,867	617,867	617,867	617,867
Trade receivables	868,505	868,505	868,505	868,505	868,505
Other receivables and prepaid expenses	959,822	959,822	959,822	959,822	959,822
Cash and cash equivalents	2,478,861	2,478,861	5,978,861	10,478,861	10,478,861
	<u>4,925,055</u>	<u>4,925,055</u>	<u>8,425,055</u>	<u>12,925,055</u>	<u>12,925,055</u>
TOTAL ASSETS	<u>23,702,847</u>	<u>23,702,847</u>	<u>27,202,847</u>	<u>31,702,847</u>	<u>31,702,847</u>

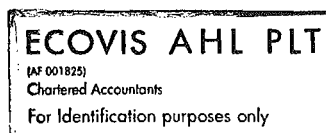
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

	APPENDIX I			
	Pro forma I	Pro forma II	Pro forma III	Pro forma III
	After Par Value Reduction	After Proforma I and Rights Issue of Shares with Warrants	After Pro forma II and assuming full exercise of the Warrants	Pro forma III
	RM	RM	RM	RM
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	62,555,303	35,777,651	40,277,651	40,277,651
Share premium	2,598,963	1,598,963	1,598,963	1,598,963
Warrant reserves	-	2,358,000	-	-
Other reserves	-	(2,358,000)	-	-
Accumulated losses	(46,574,552)	(15,296,900)	(15,296,900)	(15,296,900)
	18,579,714	22,079,714	26,579,714	26,579,714
	(60,144)	(60,144)	(60,144)	(60,144)
Non-controlling interests	18,519,570	18,519,570	26,519,570	26,519,570
Total equity	3,150,245	3,150,245	3,150,245	3,150,245
Non-current liability				
Bank borrowings	1,100,596	1,100,596	1,100,596	1,100,596
Current liabilities				
Trade payables	629,762	629,762	629,762	629,762
Other payables, deposits and accruals	41,763	41,763	41,763	41,763
Deferred income	2,823	2,823	2,823	2,823
Amount owing to a Director	258,088	258,088	258,088	258,088
Bank borrowings	2,033,032	2,033,032	2,033,032	2,033,032
TOTAL LIABILITIES	5,183,277	5,183,277	5,183,277	5,183,277
TOTAL EQUITY AND LIABILITIES	23,702,847	27,202,847	31,702,847	31,702,847
Issued and paid-up share capital (Unit)	625,553,033	715,553,033	805,553,033	805,553,033
Net assets per share (RM) ⁽¹⁾	0.03	0.03	0.03	0.03
Total borrowings (RM)	3,408,333	3,408,333	3,408,333	3,408,333
Gearing (times) ⁽²⁾	0.18	0.15	0.13	0.13

(1) Net assets is defined as equity attributable to owners of the Company

(2) Gearing ratio is calculated on total borrowings divided by net assets.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)**

1. Introduction

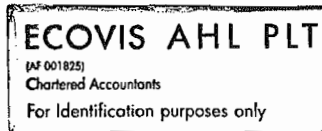
The pro forma consolidated statements of financial position has been prepared by the Directors in connection with the following:

- i) Reduction of the issued and paid-up share capital of NetX via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX to RM0.05 each in NetX ("NetX Share(s)" or "Share(s)") pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction");
- ii) Renounceable rights issue of up to 625,553,033 new NetX Shares ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Par Value Reduction, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("Rights Issue of Shares with Warrants");
- iii) Establishment of share issuance scheme ("SIS") of up to thirty percent (30%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the SIS for the eligible persons of NetX and its subsidiaries ("NetX Group" or "Group") (excluding dormant subsidiaries) ("SIS"); and
- iv) Increase in the authorised share capital of NetX from RM70,000,000 comprising 1,400,000,000 NetX Shares (after the Par Value Reduction) to RM250,000,000 comprising 5,000,000,000 NetX Shares ("Increase in Authorised Share Capital").

(Collectively referred to as the "Corporate Exercises")

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

2. Basis of preparation

2.1 The Pro Forma Consolidated Statements of Financial Position of NetX Group as at 30 June 2015, for which the Board of Directors of NetX ("Board") are solely responsible, have been prepared for illustrative purposes only, to show the effects on the Pro Forma Consolidated Statements of Financial Position of NetX Group as at 30 June 2015 had the Corporate Exercises been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The pro forma consolidated statements of financial position, of which the Board are solely responsible, have been prepared for illustrative purposes only, and because of their nature, may not be reflective of NetX Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of NetX Group.

2.2 The Pro Forma Consolidated Statements of Financial Position of NetX Group has been prepared based on the audited consolidated statements of financial position of NetX Group as at 30 June 2015.

2.3 The Pro Forma Consolidated Statements of Financial Position has been prepared by the Board in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of NetX Group as disclosed in its audited financial statements for the financial year ended 30 June 2015.

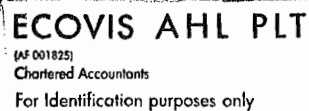
The audited financial statements of NetX Group for the financial year ended 30 June 2015 contained a qualified opinion in the auditors' report stated as follows:

"As stated in Note 7 to the financial statements, the carrying amount of the cash-generating unit, non-electronic payment services, inclusive of goodwill as of the year end exceeded its recoverable amount. Therefore, there was an impairment on the goodwill amount of RM9,761,353. The recoverable amount of the unit, being its value in use, was determined by the management based on the cash flow forecast and projections prepared. In this respect, key assumptions used in the said forecast and projections by their very nature depending on the economic situation and market volatility of products costs and products pricing. Accordingly, we are unable to ascertain whether the aforementioned cash flows forecast and projections would reasonably reflect future events and the set of economic condition that will exist and the resultant of further impairment loss on the carrying amount of goodwill, if any, that should be accounted for in the financial statements of the Group for the year ended 30 June 2015.

In view of the above, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill for non-electronic payment services with a net carrying amount of RM10,087,481 as to whether potential adjustment for further impairment loss is necessary in the financial statements of the Group for the year ended 30 June 2015."

2.4 The pro forma consolidated statements of financial position is presented in Ringgit Malaysia ("RM").

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

**NETX HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (CONT'D)**

3. Pro forma consolidated statements of financial position as at 30 June 2015

3.1 The illustration of the pro forma consolidated statements of financial position are based on the following scenarios:

- Maximum scenario ("Max") : The maximum number of 625,553,033 Rights Shares with 625,553,033 Warrants is arrived at after taking into account the existing issued and paid-up share capital of the Company and assuming all the Entitled Shareholders fully subscribe for their respective entitlements to the Rights Shares with Warrants; and
- Minimum scenario ("Min") : Assuming only Asiabio Capital Sdn. Bhd., being the undertaking shareholder subscribes for 90,000,000 Rights Shares together with 90,000,000 Warrants.

3.2 Pro forma adjustments to the pro forma consolidated statements of financial position, which show the effects of the Corporate Exercises are illustrated as follows:

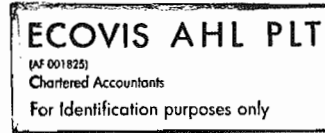
3.2.1 Pro forma I - After Par Value Reduction

On 11 March 2016, the sealed order dated 7 March 2016 granted by the High Court of Malaya had been duly lodged with the Companies Commission of Malaysia pursuant to Section 64(1) of the Companies Act, 1965, involving the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX ("Par Value Reduction"). With the completion of the Par Value Reduction on the even date, the par value of the ordinary shares of NetX was reduced from RM0.10 to RM0.05 each.

3.2.2 Pro forma II - After Pro forma I and Rights Issue of Shares with Warrants

Upon completion of the Rights Issue of Shares with Warrants, the issued and paid up share capital of NetX will be increased to RM62,555,303 with maximum scenario and RM35,777,651 with minimum scenario. Correspondingly, there will be a creation of warrant reserve of RM16,139,268 and RM2,358,000 with maximum and minimum scenario respectively.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

3. Pro forma consolidated statements of financial position as at 30 June 2015 (cont'd)

3.2 Pro forma adjustments to the pro forma consolidated statements of financial position, which show the effects of the Corporate Exercises are illustrated as follows (cont'd):

3.2.2 Pro forma II - After Pro forma I and Rights Issue of Shares with Warrants (cont'd)

Warrant reserve

The allocated fair values of the Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve shall be set off against "Other Reserve" upon exercise of the Warrants.

The warrants are assumed to have a fair value of RM0.0258 each with maximum scenario and RM0.0262 each with minimum scenario and are determined using the Black-Scholes pricing model based on the input date as of 4 May 2016 by reference to the following assumptions:

Theoretical ex-rights price	:	RM0.0404
Exercise price	:	RM0.05
Tenure	:	3 years
Historical volatility	:	112.995%
Risk free interest rate	:	3.214% per annum

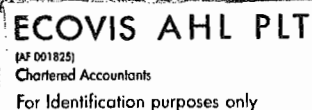
Under the maximum scenario, the Directors are expected to make full repayment to the existing bank borrowings of NetX Group from part of the proceeds raised. Any surplus or shortfall arising from the repayment of bank borrowings will be adjusted to or from the working capital of the Group.

The Directors estimate that expenses to be incurred for the Corporate Exercises will be approximately RM1,000,000 and these expenses will be off-set against the share premium.

3.2.3 Pro forma III - After Pro forma II and assuming full exercise of the Warrants

Upon full exercise of the Warrants, the issued and paid up share capital of NetX will be increased to RM93,832,955 with maximum scenario and RM40,277,651 with minimum scenario.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

3. Pro forma consolidated statements of financial position as at 30 June 2015 (cont'd)

3.2 Pro forma adjustments to the pro forma consolidated statements of financial position, which show the effects of the Corporate Exercises are illustrated as follows (cont'd):

3.2.4 The SIS will not have any immediate effect on the consolidated net assets ("NA") per NetX Share until such time when the options pursuant to the SIS are granted and exercised ("SIS Options").

The consolidated NA per Share following the exercise of the SIS Options will increase if the subscription price exceeds the consolidated NA per Share at the point of exercise of the SIS Options and conversely will decrease if the subscription price is below the consolidated NA per Share at the point of the exercise of the SIS Options.

4. Effects on the pro forma consolidated statements of financial position

4.1 Movement in cash and cash equivalents

	Max RM	Min RM
Audited as at 30 June 2015, pro forma I	2,478,861	2,478,861
Effect of pro forma II		
- Issuance of Rights Shares with Warrants	31,277,652	4,500,000
- Estimated expenses incurred for the Corporate Exercises	(1,000,000)	(1,000,000)
- Repayment of bank borrowings*	(3,300,000)	-
Pro forma II	29,456,513	5,978,861
Effect of pro forma III		
- Full exercise of Warrants	31,277,652	4,500,000
Pro forma III	60,734,165	10,478,861

Note:

*The Group's bank borrowings has decreased from RM3,408,333 as at 30 June 2015 to RM3,195,000 as at 4 May 2016.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

ECOVIS AHL PLT
(AF 001825)
Chartered Accountants
For Identification purposes only

APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

4. Effects on the pro forma consolidated statements of financial position (cont'd)

4.2 Movement in share capital

	Max		Min	
	No. of shares	RM	No. of shares	RM
Audited as at 30 June 2015 (par value RM0.10 each)	625,553,033	62,555,303	625,553,033	62,555,303
Effect of pro forma I				
- Upon Par Value Reduction (par value RM0.05 each)	-	(31,277,652)	-	(31,277,652)
Pro forma I	625,553,033	31,277,651	625,553,033	31,277,651
Effect of pro forma II				
- Issuance of Rights Shares with Warrants	625,553,033	31,277,652	90,000,000	4,500,000
Pro forma II	1,251,106,066	62,555,303	715,553,033	35,777,651
Effect of pro forma III				
- Full exercise of Warrants	625,553,033	31,277,652	90,000,000	4,500,000
Pro forma III	1,876,659,099	93,832,955	805,553,033	40,277,651

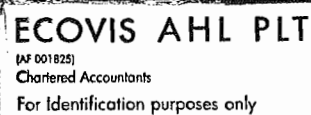
4.3 Movement in share premium

	Max and Min RM
Audited as at 30 June 2015, pro forma I	2,598,963
Effect of pro forma II	
- Estimated expenses incurred for the Corporate Exercises	(1,000,000)
Pro forma II, III	1,598,963

4.4 Movement in warrant reserves

	Max RM	Min RM
Audited as at 30 June 2015, pro forma I	-	-
Effect of pro forma II		
- Issuance of Warrants fair value @ RM0.0258 (Max); RM0.0262 (Min)	16,139,268	2,358,000
Pro forma II	16,139,268	2,358,000
Effect of pro forma III		
- Full exercise of Warrants	(16,139,268)	(2,358,000)
Pro forma III	-	-

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

4. Effects on the pro forma consolidated statements of financial position (cont'd)

4.5 Movement in other reserve

	Max RM	Min RM
Audited as at 30 June 2015, pro forma I	-	-
Effect of pro forma II		
- Issuance of Warrants fair value @ RM0.0258 (Max); RM0.0262 (Min)	(16,139,268)	(2,358,000)
Pro forma II	<u>(16,139,268)</u>	<u>(2,358,000)</u>
Effect of pro forma III		
- Full exercise of Warrants	16,139,268	2,358,000
Pro forma III	<u>-</u>	<u>-</u>

4.6 Movement in accumulated losses

	Max and Min RM
Audited as at 30 June 2015	(46,574,552)
Effect of pro forma I	
- Upon Par Value Reduction	<u>31,277,652</u>
Pro forma I, II, III	<u>(15,296,900)</u>

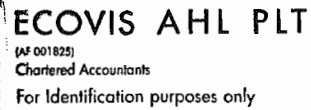
4.7 Movement in bank borrowings

	Max RM	Min RM
Audited as at 30 June 2015, pro forma I		
- Non-current portion	3,150,245	3,150,245
- Current portion	258,088	258,088
Total bank borrowings*	<u>3,408,333</u>	<u>3,408,333</u>
Effect of pro forma II		
- Repayment	<u>(3,300,000)</u>	-
Pro forma II, III	<u>108,333</u>	<u>3,408,333</u>

Note:

*The Group's bank borrowings has decreased from RM3,408,333 as at 30 June 2015 to RM3,195,000 as at 4 May 2016.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



APPENDIX I

NETX HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 4 May 2016.

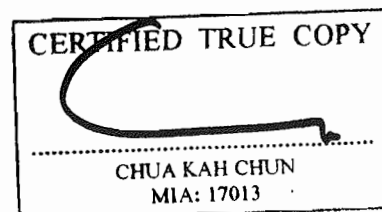
A handwritten signature in black ink, consisting of a large loop and a vertical stroke, positioned above a horizontal line.

Tan Sik Eek
Director

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE
2015 TOGETHER WITH THE AUDITORS' REPORT THEREON**

NETX HOLDINGS BERHAD
(Incorporated in Malaysia)
(533441-W)

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2015



Partner, Ecovis AHL PLT

ECOVIS AHL PLT
(LLP0003185-LCA) & (AF 001825)
Chartered Accountants

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**NETX HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 533441-W

**REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2015****CONTENTS**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The Company is principally involved in the investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year other than the new activity of sale and rental of Electronic Fund Transfer at Point of Sale ("EFTPOS") terminals as ventured by the Group during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	<u>(11,939,687)</u>	<u>(13,387,057)</u>
Attributable to:		
Owners of the Company	(11,916,083)	(13,387,057)
Non-controlling interests	<u>(23,604)</u>	<u>-</u>
	<u>(11,939,687)</u>	<u>(13,387,057)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2015.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

DIRECTORS

The Directors in office since the date of the last report are:

Tengku Ahmad Badli Shah Bin Raja Hussin	(Appointed on 09.04.2015)
Tan Sik Eek	(Appointed on 21.04.2015)
Chu Chee Peng	(Appointed on 09.06.2015)
Yong Ket Inn	(Appointed on 09.06.2015)
Chong Loong Men	(Retired on 18.12.2014)
Lai Pai Lan	(Resigned on 06.04.2015)
Yahya Bin Razali	(Resigned on 01.06.2015)
Dato' Chang Lik Sean	(Resigned on 01.06.2015)

DIRECTORS' INTERESTS

None of the Directors who held office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Directors of the Company received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or receivable by Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts and allowance need not be made for doubtful debts; and
- b) to ensure that any current assets which were unlikely to realise their value in the ordinary course of business as shown in the accounting records had been written down to an amount which they might be expected so to realise.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, the Directors are not aware of any circumstances:

- a) which would necessitate the writing off of bad debts or the allowance for doubtful debts; or
- b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

- a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction, or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events occurring during the financial year are disclosed in Note 29 to the financial statements.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The significant events occurring after the financial year are disclosed in Note 30 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 October 2015.



.....
TAN SIK EEK

Director



.....
**TENGKU AHMAD BADLI
SHAH BIN RAJA HUSSIN**

Director

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SIK EEK** and **TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN**, being two of the Directors of **NETX HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 9 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 32 on page 67, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 October 2015.



.....
TAN SIK EEK

Director



.....
**TENGGU AHMAD BADLI
SHAH BIN RAJA HUSSIN**

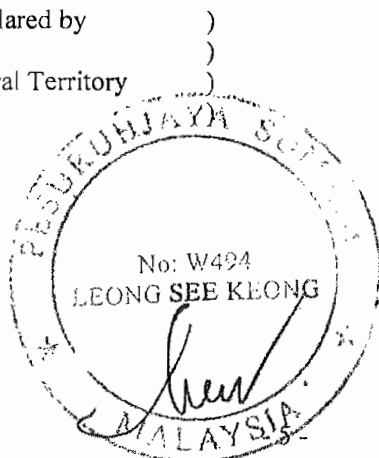
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **TAN SIK EEK**, being the Director primarily responsible for the financial management of **NETX HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 9 to 66, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
TAN SIK EEK
at Kuala Lumpur in the Federal Territory
on 27 October 2015.




.....
TAN SIK EEK

Director

Before me,

53, Tingkat Kawah, Jalan Tuba,
Citi dan Kampung Attap,
50460 Kuala Lumpur

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 533441-W

Report on the Financial Statements

We have audited the financial statements of NetX Holdings Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 66.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia
Phone: +60(3) 7981 1799 Fax: +60(3) 7980 4796 E-Mail: kuala-lumpur@ecovis.com.my

Effective from 30 October 2014, ECOVIS AHL has converted from a conventional partnership to a limited liability partnership, ECOVIS AHL PLT

A member of ECOVIS International tax advisors accountants auditors lawyers represented in more than 50 countries on 5 continents.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS AHL PLT is a Malaysia member firm of ECOVIS International.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETX HOLDINGS BERHAD (cont'd)**

(Incorporated in Malaysia)
Company No: 533441-W

Basis for Qualified Opinion

As stated in Note 7 to the financial statements, the carrying amount of the cash-generating unit, non-electronic payment services, inclusive of goodwill as of the year end exceeded its recoverable amount. Therefore, there was an impairment on the goodwill amount of RM9,761,353. The recoverable amount of the unit, being its value in use, was determined by the management based on the cash flow forecast and projections prepared. In this respect, key assumptions used in the said forecast and projections by their very nature depending on the economic situation and market volatility of products costs and products pricing. Accordingly, we are unable to ascertain whether the aforementioned cash flow forecast and projections would reasonably reflect future events and the set of economic condition that will exist and the resultant of further impairment loss on the carrying amount of goodwill, if any, that should be accounted for in the financial statements of the Group for the year ended 30 June 2015.

In view of the above, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill for non-electronic payment services with a net carrying amount of RM10,087,481 as to whether potential adjustment for further impairment loss is necessary in the financial statements of the Group for the year ended 30 June 2015.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Other than those subsidiaries with emphasis of matter paragraphs in the auditors' reports as disclosed in Note 6 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Act.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETX HOLDINGS BERHAD (cont'd)

(Incorporated in Malaysia)
Company No: 533441-W

Other reporting responsibilities

The supplementary information set out in Note 32 on page 67 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'Ecovis'.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

Kuala Lumpur
27 October 2015

A handwritten signature in black ink, appearing to read 'CHUA KAH CHUN'.

CHUA KAH CHUN
No. 2696/09/17 (J)
Chartered Accountant

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	5,701,046	5,581,554	-	-
Investment in subsidiaries	6	-	-	8,111,308	21,250,232
Goodwill on consolidation	7	10,780,355	19,848,834	-	-
Deferred tax assets	8	2,296,391	3,159,256	-	-
		<u>18,777,792</u>	<u>28,589,644</u>	<u>8,111,308</u>	<u>21,250,232</u>
CURRENT ASSETS					
Inventories	9	617,867	1,342,029	-	-
Trade receivables	10	868,505	1,236,000	-	-
Other receivables, deposits and prepayments	11	959,822	246,311	881,825	213,728
Amount owing by subsidiaries	12	-	-	3,931,727	4,134,386
Cash and bank balances		2,478,861	3,356,533	1,089,290	2,614,599
		<u>4,925,055</u>	<u>6,180,873</u>	<u>5,902,842</u>	<u>6,962,713</u>
TOTAL ASSETS		<u>23,702,847</u>	<u>34,770,517</u>	<u>14,014,150</u>	<u>28,212,945</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (cont'd)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	62,555,303	62,555,303	62,555,303	62,555,303
Reserves	14	(43,975,589)	(32,059,506)	(48,944,625)	(35,557,568)
Equity attributable to owners of the Company		18,579,714	30,495,797	13,610,678	26,997,735
Non-controlling interest		(60,144)	25,376	-	-
TOTAL EQUITY		18,519,570	30,521,173	13,610,678	26,997,735
LIABILITIES					
NON-CURRENT LIABILITY					
Borrowings	15	3,150,245	3,391,856	-	-
CURRENT LIABILITIES					
Trade payables	16	1,100,596	420,576	-	-
Other payables and accruals	17	629,762	160,836	403,472	60,890
Deferred income	18	41,763	-	-	-
Amount owing to a Director	19	2,823	-	-	-
Amount owing to subsidiaries	12	-	-	-	1,142,718
Tax payable		-	11,602	-	11,602
Borrowings	15	258,088	264,474	-	-
		2,033,032	857,488	403,472	1,215,210
TOTAL LIABILITIES		5,183,277	4,249,344	403,472	1,215,210
TOTAL EQUITY AND LIABILITIES		23,702,847	34,770,517	14,014,150	28,212,945

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM
Revenue	21	3,580,660	5,170,920	-	-
Cost of sales		(3,576,495)	(7,057,668)	-	-
GROSS PROFIT/(LOSS)		4,165	(1,886,748)	-	-
Other income		116,279	816,818	1,048,198	47,987
Administrative expenses		(1,230,743)	(3,335,409)	(696,339)	(926,452)
Other operating expenses		(9,761,916)	(1,893,686)	(13,738,916)	(286,954)
OPERATING LOSS		(10,872,215)	(6,299,025)	(13,387,057)	(1,165,419)
Finance costs		(204,607)	(332,104)	-	-
LOSS BEFORE TAX	22	(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Tax (expenses)/income	23	(862,865)	788,641	-	31,778
LOSS FOR THE FINANCIAL YEAR/PERIOD		(11,939,687)	(5,842,488)	(13,387,057)	(1,133,641)
Other comprehensive income: <u>Items that may be reclassified subsequently to profit or loss</u>					
- Foreign currency translation differences		-	390,459	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR/PERIOD		(11,939,687)	(5,452,029)	(13,387,057)	(1,133,641)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(11,916,083)	(5,840,290)	(13,387,057)	(1,133,641)
Non-controlling interests		(23,604)	(2,198)	-	-
		(11,939,687)	(5,842,488)	(13,387,057)	(1,133,641)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:					
Owners of the Company		(11,916,083)	(5,449,831)	(13,387,057)	(1,133,641)
Non-controlling interests		(23,604)	(2,198)	-	-
		(11,939,687)	(5,452,029)	(13,387,057)	(1,133,641)
LOSS PER SHARE (SEN)					
- Basic	24	(1.90)	(0.99)		
- Diluted	24	N/A	N/A		

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	Non-Distributable		Distributable		Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
		Share Capital RM	Share Premium RM	Exchange Fluctuation Reserve RM	Accumulated Losses RM			
GROUP								
At 1 January 2013		56,875,303	2,685,410	(390,459)	(28,818,179)	30,352,075	27,574	30,379,649
Loss for the financial period		-	-	-	(5,840,290)	(5,840,290)	(2,198)	(5,842,488)
Other comprehensive income for the financial period		-	-	390,459	-	390,459	-	390,459
- Foreign currency translation differences		-	-	-	-	-	-	-
Total comprehensive expenses for the financial period		-	-	390,459	(5,840,290)	(5,449,831)	(2,198)	(5,452,029)
Transactions with owners								
- Issuance of shares via private placement	13	5,680,000	-	-	-	5,680,000	-	5,680,000
- Expenses on issuance of private placement	14	-	(86,447)	-	-	(86,447)	-	(86,447)
Total transactions with owners		5,680,000	(86,447)	-	-	5,593,553	-	5,593,553
At 30 June 2014/1 July 2014		62,555,303	2,598,963	-	(34,658,469)	30,495,797	25,376	30,521,173
Total comprehensive expenses for the financial year		-	-	-	(11,916,083)	(11,916,083)	(23,604)	(11,939,687)
Transaction with owners								
- Acquisition of a subsidiary	6	-	-	-	-	-	(61,916)	(61,916)
At 30 June 2015		62,555,303	2,598,963	-	(46,574,552)	18,579,714	(60,144)	18,519,570

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. : 533441-W

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)**

	<i>Non-Distributable</i>		<i>Distributable</i>	Total
	Share Capital RM	Share Premium RM		
COMPANY				
At 1 January 2013	56,875,303	2,685,410	(37,022,890)	22,537,823
Loss for the financial period/ Total comprehensive expenses for the financial period	-	-	(1,133,641)	(1,133,641)
Transactions with owners:				
- Issuance of shares via private placement	5,680,000	-	-	5,680,000
- Expenses on issuance of private placement	-	(86,447)	-	(86,447)
At 30 June 2014/1 July 2014	62,555,303	2,598,963	(38,156,531)	26,997,735
Loss for the financial year/ Total comprehensive expenses for the financial year	-	-	(13,387,057)	(13,387,057)
At 30 June 2015	62,555,303	2,598,963	(51,543,588)	13,610,678

Note

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Adjustments for:					
Amortisation of deferred income	18	(12,299)	-	-	-
Impairment loss of:					
- trade receivable	10	-	7,000	-	-
- goodwill	7	9,761,353	281,103	-	-
- investment in subsidiaries	6	-	-	12,638,692	-
- amount owing by subsidiaries	12	-	-	-	286,954
Bad debt written off		-	502,038	-	-
Depreciation of property, plant and equipment	5	131,032	228,707	-	-
Loss on disposal of plant and equipment		-	18,604	-	-
Loss on disposal of subsidiaries		-	390,459	1,100,224	-
Gain on disposal of subsidiaries	6	(8)	-	-	-
Interest expense		204,607	332,104	-	-
Interest income		(42,467)	(56,134)	(37,669)	(47,987)
Deposits and prepayments written off		-	707,327	-	-
Plant and equipment written off	5	563	37,438	-	-
Waiver of debts by subsidiaries		-	-	(940,438)	-
Written down of inventories		-	1,143,209	-	-
Written off of inventories		84,466	262,998	-	-
Operating loss before working capital changes		(949,575)	(2,776,276)	(626,248)	(926,452)
Changes in working capital:					
Inventories		458,976	1,203,259	-	-
Trade receivables		367,875	(420,805)	-	-
Other receivables and prepayments		(708,249)	233,497	(668,097)	(205,205)
Amount owing by subsidiaries		-	-	1,233,797	(1,901,325)
Amount owing to subsidiaries		-	-	(1,233,418)	(12,040)
Amount owing to a Director		-	(21,863)	-	-
Trade payables		680,020	(1,050,484)	-	-
Other payables and accruals		19,169	(44,988)	42,582	16,488
Advance receipts for deferred income	18	9,427	-	-	-
Cash used in operation		(122,357)	(2,877,660)	(1,251,384)	(3,028,534)

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)**

	Note	Group		Company	
		12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Cash used in operation		(122,357)	(2,877,660)	(1,251,384)	(3,028,534)
Interest paid		(204,607)	(332,104)	-	-
Tax paid		(11,602)	(2,947)	(11,602)	-
Net cash used in operating activities		(338,566)	(3,212,711)	(1,262,986)	(3,028,534)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired	6	(285,359)	-	(300,000)	-
Proceeds from disposal of subsidiaries	8	-	-	8	-
Interest received		42,467	56,134	37,669	47,987
Proceeds from disposal of plant and equipment		-	110,249	-	-
Purchase of plant and equipment		(48,225)	(3,989)	-	-
Net cash (used in)/generated from investing activities		(291,109)	162,394	(262,323)	47,987
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits released as securities		-	1,223,626	-	-
Proceeds from issuance of share via private placement (net)		-	5,593,553	-	5,593,553
Repayments of hire purchase payables		-	(80,149)	-	-
Net movement on term loans		(247,997)	(365,656)	-	-
Net cash (used in)/generated from financing activities		(247,997)	6,371,374	-	5,593,553

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 533441-W

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)**

	Note	Group		Company	
		12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(877,672)	3,321,057	(1,525,309)	2,613,006
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/PERIOD		3,356,533	35,476	2,614,599	1,593
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/ PERIOD		2,478,861	3,356,533	1,089,290	2,614,599
CASH AND CASH EQUIVALENTS COMPRISE:					
Cash and bank balances		2,478,861	3,356,533	1,089,290	2,614,599

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015****1. GENERAL INFORMATION**

The Company is a public company limited by shares, incorporated and domiciled in Malaysia.

The Company is principally involved in the investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year other than the new activity of sale and rental of Electronic Fund Transfer at Point of Sale ("EFTPOS") terminals as ventured by the Group during the financial year.

The principal place of business and the registered office are as follows:

Principal place of business : Wisma Ariantec, 1-3, Street Wing,
Sunsuria Avenue, Persiaran Mahogani,
Kota Damansara, PJU 5, 47810 Petaling Jaya,
Selangor Darul Ehsan.

Registered office : 802, 8th Floor, Block C,
Kelana Square, 17 Jalan SS7/26,
47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 27 October 2015.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the summary of significant accounting policies.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

2. BASIS OF PREPARATION (cont'd)**2.1 Adoption of Amendments to MFRSs and IC Interpretations during the current financial year**

MFRS (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127 Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119 (2011) Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

There is no material impact upon adoption of the above Amendments to MFRSs and IC Interpretations during the current financial year.

2.2 Standards issued but not yet effective

The Company has not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

MFRS (Including The Consequential Amendments)	Effective Date
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

2. BASIS OF PREPARATION (cont'd)**2.2 Standards issued but not yet effective (cont'd)**

The above accounting standards (including the consequential amendments) is not expected to have any material impact on the Group's financial statements other than as follows:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs nit occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group is currently assessing the impact to the financial statements upon adopting MFRS 9, and intends to adopt MFRS 9 on the mandatory effective date.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace supersede MFRS 111 Construction contracts, MFRS 118 Revenue, IC 13 Customer Loyalty Programmes, IC 15 Agreements for the Construction of Real Estate, IC 18 Transfers of Assets from Customers and IC 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Company is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

3. SIGNIFICANT ACCOUNTING POLICIES**a) Subsidiaries and Basis of Consolidation****i. Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de factor power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is held for sale. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii. Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interest issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**a) Subsidiaries and Basis of Consolidation (cont'd)****iii. Acquisition of Non-controlling Interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv. Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v. Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

vi. Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**b) Goodwill (cont'd)**

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

The property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

	Rate %/year
Leasehold building	97 years
EFTPOS Terminals	8 years
Furniture and fittings	10
Motor vehicle	20
Office equipment	10 - 33
Renovation	10 - 20

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual values and useful lives of assets are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**d) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on the first in, first out basis and is the aggregate of the original cost of purchases plus the cost of bringing the inventories to their present conditions and locations.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

e) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group or the Company categorise the financial instruments as follows:

(i) Financial Assets*Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statements of comprehensive income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on settlement date.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**e) Financial Instruments (cont'd)****(i) Financial Assets (cont'd)***Loans and receivables (cont'd)*

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Company have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realized within 12 months after the reporting date.

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**e) Financial Instruments (cont'd)****(ii) Financial Liabilities (cont'd)**

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks, other short term and highly liquid investment which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**g) Impairment of Assets****i. Impairment of financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of held-to-maturity and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

ii. Impairment of non-financial assets

The carrying amounts of non-financial assets, except for inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**g) Impairment of Assets (cont'd)****ii. Impairment of non-financial assets (cont'd)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

An impairment loss in respect of assets recognised in prior periods is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

h) Equity Instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Incremental costs directly attributable to the issue of instruments classified as equity are recognised as a deduction, net of tax from equity.

Dividend on ordinary shares are recognised as liabilities when approved for appropriation.

i) Leased assets**(a) Finance lease**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**i) Leased assets (cont'd)****(a) Finance lease (cont'd)**

Leasehold land which is in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(b) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating lease and not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

j) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods and services rendered

Revenue from sale of goods and services rendered is recognised in the financial statements when the significant risks and rewards of ownerships of the goods have been transferred to the buyer or when services rendered.

(ii) Operating lease income

Operating lease income from terminal rental is recognised on a straight-line basis over the specific tenure of the respective leases.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement unless the collectability of the rental is in doubt and suspended.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**k) Employee Benefits****i. Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

As required by the law, the Group and the Company make contributions to statutory pension funds, the Employee Provident Fund ("EPF"). Such contribution is recognised as an expense in the statements of comprehensive income as incurred.

l) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous financial periods.

ii. Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**l) Taxes (cont'd)****iii. Goods and Service Tax ("GST")**

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

m) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

n) Foreign Currencies**(a) Transactions and balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(b) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period, except for those business combinations that occurred before the date of transition to MFRS which are treated as assets and liabilities of the Company and are not retranslated.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**o) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised but disclosed (unless the probability of outflow of economic benefits is remote) in the financial statements of the Group and of the Company.

p) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**r) Related Parties**

A party is related to an entity if:

- i. directly, or indirectly through one or more intermediaries, the party:
 - control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- ii. the party is an associated of the entity;
- iii. the party is a joint venture in which the entity is a venturer;
- iv. the party is a member of the key management personnel of the entity or its parent;
- v. the party is a close member of the family of any individual referred to in (i) or (iv);
- vi. the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated by the Directors and the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

a) Estimated useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)**b) Impairment of goodwill on consolidation**

Goodwill is tested for impairment annually or more frequently when such indicators exist. This requires an estimation of the value-in-use ("VIU") of the cash-generating units ("CGUs") to which goodwill is allocated. When VIU calculations are undertaken, management must estimate the expected future cash flows from the assets/CGU and choose a suitable discount rate to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are stated in Note 7.

c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowance to the extent that it is probable that taxable profit will be available against which tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Write down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

e) Impairment of trade receivables and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

f) Operating lease commitments – the Group as lessor

The Group has entered into leases on its EFTPOS terminals. The Group has determined that it retains all the significant risks and rewards of ownership of the terminals which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset and the ownership of the terminals will not be transferred to the lessee by the end of the lease term.

g) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Building RM	EFTPOS Terminals RM	Office Equipment RM	Furniture and Fittings RM	Renovation RM	Total RM
At cost						
At 1 July 2014	5,453,030	-	171,828	123,308	427,020	6,175,186
Additions	-	-	12,225	-	36,000	48,225
Transferred from inventories (Note 9)	-	180,720	-	-	-	180,720
Acquisition of a subsidiary	-	-	10,150	10,370	5,190	25,710
Written off	-	-	-	(1,500)	-	(1,500)
At 30 June 2015	5,453,030	180,720	194,203	132,178	468,210	6,428,341
Accumulated depreciation						
At 1 July 2014	210,813	-	134,031	72,182	176,606	593,632
Charge for the financial year	56,217	-	23,501	12,333	38,981	131,032
Acquisition of a subsidiary	-	-	1,504	1,376	688	3,568
Written off	-	-	-	(937)	-	(937)
At 30 June 2015	267,030	-	159,036	84,954	216,275	727,295
Carrying amount						
At 30 June 2015	5,186,000	180,720	35,167	47,224	251,935	5,701,046

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5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold Building RM	Motor Vehicles RM	Office Equipment RM	Furniture and Fittings RM	Renovation RM	Total RM
At cost						
At 1 January 2013	5,453,030	582,000	387,697	148,852	436,980	7,008,559
Additions	-	-	3,989	-	-	3,989
Disposals	-	(582,000)	-	(25,544)	-	(607,544)
Written off	-	-	(219,858)	-	(9,960)	(229,818)
At 30 June 2014	5,453,030	-	171,828	123,308	427,020	6,175,186
Accumulated depreciation						
At 1 January 2013	126,488	467,633	253,013	63,607	125,255	1,035,996
Charge for the financial period	84,325	-	65,839	19,632	58,911	228,707
Disposals	-	(467,633)	-	(11,057)	-	(478,690)
Written off	-	-	(184,821)	-	(7,560)	(192,381)
At 30 June 2014	210,813	-	134,031	72,182	176,606	593,632
Carrying amount						
At 30 June 2014	5,242,217	-	37,797	51,126	250,414	5,581,554

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5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of property, plant and equipment pledged to licensed banks to secure the banking facilities granted to the Group are as follows:

	Group	
	2015 RM	2014 RM
Leasehold building	5,186,000	5,242,217

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares		
At cost		
Acquisition of a subsidiary	40,410,005	44,517,855
Disposal of subsidiaries	600,000	-
	(2,160,005)	(4,107,850)
	38,850,000	40,410,005
Accumulated impairment losses		
At beginning of the financial year/period	(19,159,773)	(23,267,623)
Disposal of subsidiaries	1,059,773	4,107,850
Impairment loss recognised during the financial year/period	(12,638,692)	-
At end of the financial year/period	(30,738,692)	(19,159,773)
	8,111,308	21,250,232

(a) The details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest		Principal Activities
	2015 %	2014 %	
Direct subsidiaries			
Ariantec Sdn. Bhd. ¹	100	100	Provision of turnkey solutions on the network infrastructure, security management and sale and rental of EFTPOS terminals
Payallz Sdn. Bhd.(formerly known as Amazing Revenue Sdn. Bhd.) ^{2,3}	60	-	Provision of Master Merchant and sub-contractors services

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6. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Subsidiaries	Effective Interest		Principal Activities
	2015 %	2014 %	
Ariantec Green Power Sdn. Bhd. ⁴	-	100	Temporarily inactive
Ariantec Green R & D Sdn. Bhd. ⁴	-	100	Temporarily inactive
Ariantec Systems Sdn. Bhd. ⁴	-	100	Temporarily inactive
Ariantec NOC Sdn. Bhd. ⁴	-	100	Temporarily inactive
Global Soft International Sdn. Bhd. ⁴	-	60	Temporarily inactive
Global Green Energy Sdn. Bhd. ⁴	-	100	Temporarily inactive
Ariantec Consulting Sdn. Bhd. ⁴	-	100	Dormant
Global Soft (PG) Sdn. Bhd. ⁴	-	75	Temporarily inactive
Subsidiary of Ariantec Sdn. Bhd.			
Spammerspy Technologies International Sdn. Bhd.	100	100	Temporarily inactive

¹ The audited report of the subsidiary contain an emphasis of matter relating to the appropriateness of the going concern basis used in the preparation of its financial statements. The Company had confirmed to provide continued financial support to the subsidiary to continue its business without any significant curtailment of its operations.

² The statutory financial period end of Payallz Sdn. Bhd. (formerly known as Amazing Revenue Sdn. Bhd.), a newly acquired subsidiary was 28 February 2015 and it did not coincide with the Group. As permitted under Section 168 (1) (b) of the Companies Act, 1965 in Malaysia, the subsidiary is given two years period to coincide its financial year with the financial year of the holding company.

³ Audited by firm other than ECOVIS AHL PLT. However, the audited financial statements of this subsidiary is not available for consolidation. The Directors have consolidated the results of this subsidiary based on its management financial statements as at 30 June 2015.

⁴ During the financial year, the entire equity interests in these entities were being disposed. As at the date of this report, the legal transfer of the equity interest is in progress.

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6. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The details of the subsidiaries are as follows: (cont'd)

All the subsidiaries held by the Company at the end of the financial year are incorporated in Malaysia.

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group as at 30 June 2015.

(b) Acquisition of a subsidiary

On 24 April 2015, the Company had acquired a subsidiary, Payallz Sdn. Bhd. ("PSB") (formerly known as Amazing Revenue Sdn. Bhd.), with 60,000 ordinary shares of RM1 each for a consideration of RM600,000, representing in total of 60% equity interest. The subsidiary principally engaged in provision of Master Merchant and sub-contractors services. In the 3 months to 30 June 2015, the subsidiary contributed revenue of RM23,430 and profit of RM4,430. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been RM3,701,489 and consolidated loss for the financial year would have been RM11,851,931.

The fair value of the identified assets and liabilities of PSB as at the date of acquisition are as follow:-

	Note	At the date of acquisition RM
Property, plant and equipment	5	22,142
Trade receivables		380
Other receivables		5,262
Cash and bank balances		14,641
Other payables		(149,757)
Deferred income	18	(44,635)
Amount owing to a Director		(2,823)
Net identifiable liabilities		<u>(154,790)</u>
Non-controlling interest		61,916
Goodwill arising from acquisition		692,874
Cost of business combination/purchase consideration		<u>600,000</u>
Net cash outflow arising from acquisition of subsidiary		
Cost of business combination		(600,000)
Deferred payment		300,000
Cash and cash equivalent of subsidiary acquired		14,641
Consideration settle in cash		<u>(285,359)</u>

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6. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Disposal of subsidiaries

On 30 June 2015, the Company had disposed of its entire equity interest in the following companies:-

Name	Equity interest %	Cash consideration RM
Ariantec Green Power Sdn. Bhd.	100	1
Ariantec Green R & D Sdn. Bhd.	100	1
Ariantec Systems Sdn. Bhd.	100	1
Ariantec NOC Sdn. Bhd.	100	1
Global Soft International Sdn. Bhd.	60	1
Global Green Energy Sdn. Bhd.	100	1
Ariantec Consulting Sdn. Bhd.	100	1
Global Soft (PG) Sdn. Bhd.	75	1

The disposal had the following financial effects to the Group as at the date of disposal are as follow:-

	At the date of disposal RM
Net assets disposed	-
Total disposal proceeds	8
Gain on disposal to the Group / Net cash inflow on disposal to the Group	<u>8</u>

7. GOODWILL ON CONSOLIDATION

	Group	
	2015 RM	2014 RM
<u>Cost</u>		
At beginning and end of the financial year/period	26,784,937	26,784,937
Addition during the year/period	692,874	-
At end of the financial year/period	<u>27,477,811</u>	<u>26,784,937</u>
<u>Accumulated impairment losses</u>		
At beginning of the financial year/period	(6,936,103)	(6,655,000)
Impairment loss recognised during the financial year/period	(9,761,353)	(281,103)
At end of the financial year/period	<u>(16,697,456)</u>	<u>(6,936,103)</u>
Carrying amount at end of the financial year/period	<u>10,780,355</u>	<u>19,848,834</u>

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7. GOODWILL ON CONSOLIDATION (cont'd)

The goodwill on consolidation at the end of the financial year mainly arose from the acquisition of Ariantec Sdn. Bhd. ("ASB") and Payallz Sdn. Bhd. ("PSB") (formerly known as Amazing Revenue Sdn. Bhd.). The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

The carrying amount of the goodwill is assessed for impairment on an annual basis. The recoverable amount of the goodwill is determined based on the assessment of the value in use using discounted cash flow forecast and projections based on financial budgets approved by the management.

For the purpose of impairment testing, goodwill has been allocated to the Group's cash-generating units ("CGU"), identified according to the business segments as follow:-

	Group	
	2015	2014
	RM	RM
Electronic payment services ("EPS")	692,874	-
Non-electronic payment services ("NEPS")	10,087,481	19,848,834
	<u>10,780,355</u>	<u>19,848,834</u>

During the financial year, the projected cash flows of NEPS have been revised downwards as it was affected by the continued challenging economic environment and the management's decision on the changes in the business plan. Therefore, an impairment loss was recognised to write-down the carrying amount of goodwill on consolidation attributable to NEPS due to carrying amount exceeded its recoverable amount. The impairment loss of RM9,761,353 (2014: RM281,103) has been recognised in the profit or loss.

The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on the management's future plan, which is the best estimate of future performance. The ability to achieve the business plan target is a key assumption in determining the recoverable amount for each CGU. These remain a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. In computing the value-in-use for each CGU, the management has applied a pre-tax discount rate of 7% (2014: 4.5%).

The key assumptions used in computing the value in use for each CGU are as follows:

	2015	2014
NEPS		
Growth rate	181% for year 2016 and thereafter 5% annually	500% for year 2016 and thereafter 10% annually
Gross profit margin	<u>8%</u>	<u>10%</u>

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7. GOODWILL ON CONSOLIDATION (cont'd)

The key assumptions used in computing the value in use for each CGU are as follows:

NEPS (cont'd)

Sensitivity to changes in assumption

The following provides sensitives related to the significant estimates and assumptions as noted above:

- a 3% increase in discount rate would result in RM2.35 million increase in the impairment charges;
- a 3% decrease in gross profit margin would result in RM5.06 million increase in the impairment charges; and
- a 3% decrease in growth rate would result in RM0.92 million increase in the impairment charges.

2015

EPS

Growth rate

186% for year 2017,
30% for year 2018 and
thereafter no growth

Gross profit margin

54% - 85%

With regards to the assessments of value-in use for EPS, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amount of the cash-generating unit to differ materially from its recoverable amount except for the sufficiency of the capital injection from the proceeds of rights issue as disclosed in Note 30.2 and the changes in prevailing operating environment which is not ascertainable.

8. DEFERRED TAX ASSETS

	Group	
	2015	2014
	RM	RM
At beginning of financial year/period	(3,159,256)	(2,402,913)
Recognised in profit or loss (Note 23)	<u>862,865</u>	<u>(756,343)</u>
At end of financial year/period	<u>(2,296,391)</u>	<u>(3,159,256)</u>

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8. DEFERRED TAX ASSETS (cont'd)

The deferred tax assets at the end of the financial year/period are made up of the following:

	Group	
	2015	2014
	RM	RM
Excess of capital allowance over corresponding depreciation of property, plant and equipment	87,635	8,521
Unabsorbed capital allowances	(205,362)	(129,186)
Unutilised tax losses	(9,450,569)	(13,042,905)
	<u>(9,568,296)</u>	<u>(13,163,570)</u>
Deferred tax assets at 24% (2014: 24%)	<u>(2,296,391)</u>	<u>(3,159,256)</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	8,812,995	6,029,255	5,573,008	6,023,633
Unabsorbed capital allowances	-	1,274,922	-	520
	<u>8,812,995</u>	<u>7,304,177</u>	<u>5,573,008</u>	<u>6,024,153</u>
Deferred tax assets at 24% (2014: 24%)	<u>2,115,119</u>	<u>1,753,002</u>	<u>1,337,522</u>	<u>1,445,797</u>

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

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9. INVENTORIES

	Group	
	2015 RM	2014 RM
At cost		
EFTPOS terminals	499,300	-
At net realisable value		
Computer parts	118,567	1,342,029
	617,867	1,342,029

During the financial year, inventories of the Group amounting RM180,720 (2014: Nil) have been capitalised as property, plant and equipment as disclosed in Note 5 to the financial statements as the inventories are no longer held for sale.

10. TRADE RECEIVABLES

	Group	
	2015 RM	2014 RM
Trade receivables	868,505	1,739,686
Allowance for impairment losses	-	(503,686)
	868,505	1,236,000
Allowance for impairment losses:		
At 1 July / 1 January	503,686	8,616,024
Addition during the financial year/period	-	7,000
Allowance written off during the financial year/period	(503,686)	(8,119,338)
At 30 June	-	503,686

Trade receivables of the Group are non-interest bearing and are generally on 30 to 60 days terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	57,059	18,651	-	-
Deposits	12,772	12,772	-	-
Prepayments	889,991	214,888	881,825	213,728
	959,822	246,311	881,825	213,728

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12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2015 RM	2014 RM
<u>Amount owing by subsidiaries</u>		
At 1 July / 1 January	3,931,727	4,421,340
Allowance for impairment losses recognised during the financial year/period	-	(286,954)
At 30 June	<u>3,931,727</u>	<u>4,134,386</u>
	Company	
	2015 RM	2014 RM
Allowance for impairment losses:		
At 1 July / 1 January	286,954	-
Addition during the financial year/period	-	286,954
Allowance written off during the financial year/period	(286,954)	-
At 30 June	<u>-</u>	<u>286,954</u>
Amount owing to subsidiaries	<u>-</u>	<u>(1,142,718)</u>

The amount owing by/(to) subsidiaries represented non-trade transactions which are unsecured, non-interest bearing and repayable on demand.

13. SHARE CAPITAL

	Group/Company			
	2015		2014	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.10 each:				
Authorised				
At beginning and end of the financial year/period	<u>700,000,000</u>	<u>70,000,000</u>	<u>700,000,000</u>	<u>70,000,000</u>
Issued and fully paid				
At beginning of the financial year/period	625,553,033	62,555,303	568,753,033	56,875,303
Issuance of shares pursuant to the private placement	-	-	56,800,000	5,680,000
At the end of the financial year/period	<u>625,553,033</u>	<u>62,555,303</u>	<u>625,553,033</u>	<u>62,555,303</u>

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14. RESERVES

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable					
Share premium	14a	2,598,963	2,598,963	2,598,963	2,598,963
Distributable					
Accumulated losses	14b	(46,574,552)	(34,658,469)	(51,543,588)	(38,156,531)
		<u>(43,975,589)</u>	<u>(32,059,506)</u>	<u>(48,944,625)</u>	<u>(35,557,568)</u>

Non-distributable reserves are not distributable by way of dividends.

Movements of the reserves are shown in the statements of changes in equity.

Notes

- 14a Share premium represents premium from allotment of shares by the Company, net of listing expenses.
- 14b Under the single-tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

15. BORROWINGS

	Group	
	2015 RM	2014 RM
Repayable within 12 months		
Term loan - secured	<u>258,088</u>	<u>264,474</u>
Repayable after 12 months		
Term loan - secured	<u>3,150,245</u>	<u>3,391,856</u>
Total borrowings	<u>3,408,333</u>	<u>3,656,330</u>

The interest rate of the term loan at the reporting date is 5.91% (2014: 5.32%) per annum.

The term loan of Group is secured by the following:

- Joint and several guarantee by third parties;
- 4 storey shop office measuring approximately 10,660 square feet bearing at Lot 1, Sunsuria Avenue, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.
- A legal charge over the Company's fixed and floating charges over assets of the Company; and
- Facilities Agreement.

Term loan is repayable in 168 monthly installments of RM37,717, effective from 9 December 2010.

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16. TRADE PAYABLES

Trade payables of the Group are non-interest bearing and are generally on 60 to 150 (2014: 60 to 150) days terms.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	488,710	51,006	316,112	14,840
Accruals	136,052	109,830	87,360	46,050
Deposits received	5,000	-	-	-
	<u>629,762</u>	<u>160,836</u>	<u>403,472</u>	<u>60,890</u>

18. DEFERRED INCOME

	Group	
	2015 RM	2014 RM
Current portion	<u>41,763</u>	<u>-</u>

(a) Deferred income represents advance receipts from maintenance arrangement. These arrangements ranged from 1 months to 12 months (2014: Nil) for the Group. Deferred income is recognised in profit and loss upon the commencement of the arrangement and is amortised on a straight line basis over the arrangement period.

(b) Movements of deferred income during the financial year/period are as follow:

	Group	
	2015 RM	2014 RM
Acquisition of subsidiary	44,635	-
Amortisation during the financial year/period	(12,299)	-
Advance receipts during the financial year/period	9,427	-
At end of financial year/period	<u>41,763</u>	<u>-</u>

19. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, non-interest bearing and repayable on demand.

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20. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has entered into lease arrangements on EFTPOS equipment.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follow:-

	Group	
	2015 RM	2014 RM
Not later the one year	72,496	-
Later than one year and not later than five years	105,314	-
	177,810	-

21. REVENUE

	Group	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Rental of EFTPOS equipment	23,430	-
Sales of goods	3,557,230	5,170,920
	3,580,660	5,170,920

22. LOSS BEFORE TAX

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Loss before tax is arrived at after charging:				
Auditors' remuneration				
- current year provision	64,250	50,736	30,500	17,000
- under provision in prior period	6,000	-	6,000	-
Bad debts written off	-	502,038	-	-
Deposits and prepayments written off	-	707,327	-	-
Depreciation of property, plant and equipment	131,032	228,707	-	-

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22. LOSS BEFORE TAX (cont'd)

	Group		Company	
	12 months ended 30.6.2015	18 months ended 30.6.2014	12 months ended 30.6.2015	18 months ended 30.6.2014
	RM	RM	RM	RM
Loss before tax is arrived at after charging:				
Impairment loss of:				
- trade receivables	-	7,000	-	-
- goodwill	9,761,353	281,103	-	-
- amount owing by subsidiaries	-	-	-	286,954
- investment in subsidiaries	-	-	12,638,692	-
Interest expense	204,607	332,104	-	-
Loss on disposal of plant and equipment	-	18,604	-	-
Loss on disposal of subsidiary	-	378,290	1,100,224	-
Realised loss on foreign exchange	-	6,324	-	-
Plant and equipment written off	563	37,438	-	-
Rental of equipment	13,872	21,964	-	-
Rental of premises	328	-	-	-
Staff and labour costs	555,485	1,478,674	408,041	439,768
Written down of inventories	-	1,143,209	-	-
Written off of inventories	84,466	262,998	-	-
and after crediting:				
Bad debts recovered	-	700,000	-	-
Fixed deposit interest income	-	8,147	-	-
Gain on disposal of subsidiaries	8	-	-	-
Management fee income	-	-	70,091	-
Repo interest income	42,467	47,987	37,669	47,987
Rental income	66,451	20,090	-	-
Waiver of debts by subsidiaries	-	-	940,438	-
Staff and labour costs comprise:				
Directors' remuneration	239,559	888,301	165,019	269,813
Salaries, wages, allowance, overtime and bonus	279,589	526,554	214,374	150,398
EPF	33,920	60,067	26,892	18,337
Socso	2,417	3,752	1,756	1,220
	555,485	1,478,674	408,041	439,768
Directors' remuneration				
- fees	154,519	246,813	154,519	246,813
- salaries and other emoluments	76,500	579,260	10,500	23,000
- EPF	7,920	60,367	-	-
- Socso	620	1,861	-	-
	239,559	888,301	165,019	269,813

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22. LOSS BEFORE TAX (cont'd)

At the end of the financial year, the Group and the Company have 8 employees (2014: 10) and 6 (2014: 7) employees respectively.

The estimated monetary value of Directors' benefit-in-kind during the financial year is Nil (2014: RM148,750).

23. TAX EXPENSES/(INCOME)

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Current tax income				
- overprovision in prior financial period/ year	-	(32,298)	-	(31,778)
	-	(32,298)	-	(31,778)
Deferred tax assets (Note 8)				
- current financial year/period	589,353	(852,448)	-	-
- effect on change in income tax rate	-	96,105	-	-
- overprovision in prior period/year	273,512	-	-	-
	862,865	(756,343)	-	-
Tax expenses/(income) for the financial year/period	862,865	(788,641)	-	(31,778)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the financial year.

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23. TAX EXPENSES/(INCOME) (cont'd)

The numerical reconciliation between loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Loss before tax	(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Tax at statutory tax rate of 25% (2014: 25%)	(2,769,205)	(1,657,782)	(3,346,764)	(291,355)
Tax effects in respect of:				
Non-allowable expenses	2,729,709	651,493	3,472,597	183,824
Utilisation of deferred tax assets not recognised	(59,375)	-	(125,833)	-
Deferred tax assets not recognised during the financial year/period	688,224	153,841	-	107,531
Effect of changes in tax rates on opening balance of deferred tax	-	96,105	-	-
Overprovision in prior period/year	-	(32,298)	-	(31,778)
Overprovision of deferred tax asset in prior period/year	273,512	-	-	-
Tax expenses/(income) for the financial year/period	862,865	(788,641)	-	(31,778)

24. LOSS PER SHARE

Basic loss per ordinary share

The basic loss per ordinary share is calculated by dividing the Group's loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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(Incorporated in Malaysia)

Company No. 533441-W

24. LOSS PER SHARE (cont'd)

Basic loss per ordinary share (cont'd)

	Group	
	2015 RM	2014 RM
Loss attributable to ordinary shareholders of the Company	(11,916,083)	(5,840,290)
Issued ordinary shares at beginning of the financial year/period	625,553,033	568,753,033
Effect of ordinary shares issued via private placement	-	23,406,593
Weighted average number of ordinary shares	625,553,033	592,159,626
Basic loss per ordinary share (sen)	(1.90)	(0.99)

Diluted loss per ordinary share

The diluted loss per share of the Group has not been presented as there are no dilutive potential ordinary share during the financial year.

25. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its Directors and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Professional charges paid to a firm in which a Director of the Company has interest	-	135,000	-	-
Waiver of debts by the subsidiaries	-	-	940,438	-
Website maintenance fee paid to a firm which a family member of a Director has interest	-	-	9,667	-
Management fee income receivable from a subsidiary company	-	-	70,091	-

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26. SEGMENTAL INFORMATION

a) Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of directors as its operating decision maker in order to allocate resources to segments and to access their performance. For management purposes, the Group is organised into business units based on their payment services and non-payment services provided.

The Group's operating segments are classified according to the nature of activities as follow:-

Electronic payment services : Involved in sale and rental of terminal.

Non-electronic payment service : Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, integration and installation and provision of IT services.

	Electronic payment services RM	Non- electronic payment services RM	Total Services RM
Group 2015 Revenue	23,430	3,557,230	3,580,660
Results			
Segment operating result	4,430	(1,231,571)	(1,227,141)
Impairment loss of goodwill			(9,761,353)
Other income			116,279
Finance cost			(204,607)
Loss before taxation			(11,076,822)
Taxation			(862,865)
Loss after taxation			(11,939,687)
Non-controlling interest			23,604
Loss attributable to owners of the Company			(11,916,083)

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26. SEGMENTAL INFORMATION (cont'd)

a) Operating Segments (cont'd)

Group 2015	Electronic payment services RM	Non- electronic payment services RM	Total Services RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Segments assets #	721,447	9,904,654	10,626,101
Tax assets			2,296,391
Unallocated corporate assets			10,780,355
Total assets			<u>23,702,847</u>
Segments liabilities ^	871,807	903,137	1,774,944
Unallocated corporate liabilities			3,408,333
Total liabilities			<u>5,183,277</u>
	Electronic payment services RM	Non- electronic payment services RM	Total Services RM
Group 2014			
Revenue	-	5,170,920	5,170,920
Results			
Segment operating result	-	(6,834,740)	(6,834,740)
Impairment loss of goodwill			(281,103)
Other income			816,818
Finance cost			(332,104)
Loss before taxation			<u>(6,631,129)</u>
Taxation			788,641
Loss after taxation			<u>(5,842,488)</u>
Non-controlling interest			2,198
Loss attributable to owners of the Company			<u>(5,840,290)</u>

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26. SEGMENTAL INFORMATION (cont'd)

a) Operating Segments (cont'd)

Group 2014	Electronic payment services RM	Non- electronic payment services RM	Total Services RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Segments assets #	-	11,762,427	11,762,427
Tax assets			3,159,256
Unallocated corporate assets			19,848,834
Total assets			<u>34,770,517</u>
Segments liabilities ^	-	593,014	593,014
Unallocated corporate liabilities			3,656,330
Total liabilities			<u>4,249,344</u>

Segment assets comprise total current and non-current assets, less deferred tax assets.

^ Segment liabilities comprise total current and non-current liabilities.

b) Geographical information

The Group operated principally in Malaysia and has not ventured into any operations outside Malaysia during the financial year.

Major Customers

Revenue from two (2) major customers, with revenue equal to or more than 10% of the Group's revenue, amounted to RM3,222,061 (2014: RM5,017,593) arising from the information technology services.

c) Other information

Other material non-cash (income)/expense consist of the following items:

	Group	
	12 months ended	18 months ended
	30.6.2015 RM	30.6.2014 RM
Bad debts written off	-	502,038
Deposits and prepayments written off	-	707,327
Depreciation of property, plant and equipment	131,032	228,707
Gain on disposal of subsidiaries	(8)	-

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26. SEGMENTAL INFORMATION (cont'd)

c) Other information (cont'd)

Other material non-cash (income)/expense consist of the following items: (cont'd)

	Group	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Impairment loss of:		
- trade receivables	-	7,000
- goodwill	9,761,353	281,103
Loss on disposal of plant and equipment	-	18,604
Loss on disposal of a subsidiary	-	378,290
Plant and equipment written off	563	37,438
Written down of inventories	-	1,143,209
Written off of inventories	84,466	262,998

27. FINANCIAL INSTRUMENTS

27.1 Classification of Financial Instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Receivables and deposits (exclude prepayment)	938,336	1,267,423	-	-
Amount owing by subsidiaries	-	-	3,931,727	4,134,386
Cash and cash equivalents	2,478,861	3,356,533	1,089,290	2,614,599
	<u>3,417,197</u>	<u>4,623,956</u>	<u>5,021,017</u>	<u>6,748,985</u>

	Finance liabilities at amortised cost			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial liabilities				
Payables and accruals	1,730,358	581,412	403,472	60,890
Deferred income	41,763	-	-	-
Amount owing to a Director	2,823	-	-	-
Amount owing to subsidiaries	-	-	-	1,142,718
Borrowings	3,408,333	3,656,330	-	-
	<u>5,183,277</u>	<u>4,237,742</u>	<u>403,472</u>	<u>1,203,608</u>

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27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that were denominated in foreign currencies. The currencies gave rise to this risk were primarily United State Dollar ("USD"). Foreign currency risk was monitored closely and managed to an acceptable level.

The Group's exposure to foreign currency is as follows:

	USD RM	Total RM
Group		
2015		
<u>Financial Liability</u>		
Trade payables	(224,174)	(224,174)
	USD RM	Total RM
2014		
<u>Financial Liability</u>		
Trade payables	(224,174)	(224,174)

Foreign currency risk sensitivity analysis

A 10% strengthening of the RM against the foreign currencies at the end of the reporting period would have decreased loss before tax by approximately RM22,417 (2014: RM22,417). A 10% weakening in the foreign currencies would have had an equal but opposite effect on the loss before tax. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

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27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 27.2 (c) to the financial statements.

The interest rate risk profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	Note	2015 RM	2014 RM
Group			
Floating rate instruments			
Term loan	15	<u>(3,408,333)</u>	<u>(3,656,330)</u>

Interest rate risk sensitivity analysis

A 100 basis points strengthening in the interest rate as at the end of the reporting period would have increased loss before tax by RM34,083 (2014: RM36,563). A 100 basis points weakening would have had an equal but opposite effect on the loss before tax. This assumes that all other variables remain constant.

(b) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by 2 customers which constituted 100% of its trade receivables as at the end of the reporting period.

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27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(b) Credit risk (cont'd)

(i) Receivables (cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The Group does not have any exposure to international credit risk as its receivables are in Malaysia.

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
Group 2015			
Not past due	355,518	-	355,518
Past due:			
- less than 3 months	312,999	-	312,999
- 3 to 6 months	199,988	-	199,988
	868,505	-	868,505
	Gross Amount RM	Individual Impairment RM	Carrying Value RM
Group 2014			
Past due:			
- 3 to 6 months	1,236,000	-	1,236,000
- over 6 months	503,686	(503,686)	-
	1,739,686	(503,686)	1,236,000

In the previous financial period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

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27. FINANCIAL INSTRUMENTS (cont'd)**27.2 Financial Risk Management Policies (cont'd)****(b) Credit risk (cont'd)***(i) Receivables (cont'd)**Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(ii) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. There was no indication that the loans and advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are repayable on demand.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain credit facilities.

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27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying Amount RM	Contractual Cash Flows RM	On demand or within one year RM	One to five years RM	More than 5 years RM
Group					
Financial liabilities					
2015					
Trade payables	1,100,596	1,100,596	1,100,596	-	-
Other payables and accruals	629,762	629,762	629,762	-	-
Deferred income	41,763	41,763	41,763	-	-
Amount owing to a Director	2,823	2,823	2,823	-	-
Borrowings	3,408,333	4,520,924	452,604	1,810,416	2,257,904
	<u>5,183,277</u>	<u>6,295,868</u>	<u>2,227,548</u>	<u>1,810,416</u>	<u>2,257,904</u>
Financial liabilities					
2014					
Trade payables	420,576	420,576	420,576	-	-
Other payables	160,836	160,836	160,836	-	-
Borrowings	3,656,330	4,789,472	452,604	1,810,416	2,526,452
	<u>4,237,742</u>	<u>5,370,884</u>	<u>1,034,016</u>	<u>1,810,416</u>	<u>2,526,452</u>
Company					
Financial liabilities					
2015					
Other payables	<u>403,472</u>	<u>403,472</u>	<u>403,472</u>	-	-
2014					
Other payables	60,890	60,890	60,890	-	-
Amount owing to subsidiaries	1,142,718	1,142,718	1,142,718	-	-
	<u>1,203,608</u>	<u>1,203,608</u>	<u>1,203,608</u>	-	-

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27. FINANCIAL INSTRUMENTS (cont'd)**27.3 Fair values of financial instruments**

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amount of the term loan approximated its fair value as this instrument bear interest at variable rate.

27.4 Fair Value Hierarchy

As at the end of the reporting period, there were no financial instruments carried at fair values.

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

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28. CAPITAL MANAGEMENT (cont'd)

	Group	
	2015 RM	2014 RM
Trade and other payables	1,730,358	581,412
Deferred income	41,763	-
Amount owing to a Director	2,823	-
Bank borrowings	3,408,333	3,656,330
Less: Cash and bank balances	<u>(2,478,861)</u>	<u>(3,356,533)</u>
Net debt	<u>2,704,416</u>	<u>881,209</u>
Total equity	<u>18,519,570</u>	<u>30,521,173</u>
Total net debt and equity	<u>21,223,986</u>	<u>31,402,382</u>
Debt to net debt and equity ratio	<u>13%</u>	<u>3%</u>

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

29.1 On 22 September 2014, a wholly owned subsidiary of the Company, Ariantec Sdn. Bhd. ("ASB") entered into a lease agreement with Springworks Mobile Payments Sdn. Bhd. ("SMP") as a lessor. ASB will lease to SMP the EFTPOS terminals and network equipment and peripherals for a period of 9 years, subject to the terms and conditions stipulated in the said agreement.

29.2 On 28 October 2014, NETX Holdings Berhad ("the Company") entered into a conditional Share Sale Agreement ("SSA") with Chen Chee Onn, Tan Chye Gay, Ooi Leng Chye and Chan Jet Ming (collectively referred to as "Vendors") to acquire from the Vendor 51,000 ordinary shares representing 51% of the issued and paid-up share capital of Springworks Sdn. Bhd. ("SSB") for a purchase consideration of RM16,000,000. SSB is also the only registered and beneficial owner of all the issued and paid-up share capital of Springworks Mobile Payments Sdn. Bhd. ("SMP") as at the date of the SSA.

The purchase consideration of RM16,000,000 is to be satisfied entirely via the issuance of the Company's 160,000,000 shares at an issue price of RM0.10 each.

Upon the execution of the SSA, the Vendors will be providing a profit guarantee to the Company for the fifteen (15) months period ending 30 June 2015 and financial year ending 30 June 2016 which shall not be less than RM7,000,000 on an accumulative basis.

The SSA is conditional upon the fulfilment of the conditions precedent as set out in the SSA within 180 days from the date of the SSA or such other date as may be mutually agreed between the Company and the Vendors.

Upon the completion of the acquisition, SSB will become a 51% owned subsidiary of the Company.

However, the SSA has been mutually terminated by the parties involved as disclosed in Note 29.4 to the financial statements.

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29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

29.3 On 28 October 2014, the Company announced to undertake the following:

- (i) Proposed renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NETX ("NETX Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NETX Share held, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Proposed Rights Issue of Shares with Warrants");
- (ii) Proposed acquisition of 51% equity interest in Springworks Sdn Bhd ("SSB") comprising 51,000 ordinary shares of RM1.00 each in Springworks, for a purchase consideration of RM16,000,000 to be satisfied via the issuance of 160,000,000 NETX Shares at an issue price RM0.10 per Share ("Proposed Acquisition");
- (iii) Proposed establishment of a share issuance scheme of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the scheme ("Proposed SIS"), for the Directors and employees of NETX and its subsidiaries ("NETX Group" or "Group") (excluding dormant subsidiaries) who fulfil the eligibility criteria as set out in the announcement; and
- (iv) Proposed increase in the authorised share capital of NETX from RM70,000,000 comprising 700,000,000 NETX Shares to RM300,000,000 comprising 3,000,000,000 NETX Shares ("Proposed Increase in Authorised Share Capital").

(collectively, (i) to (iv) are referred to as the "Proposals")

The Proposals are subject to and conditional upon approvals being obtained from the shareholders and relevant authorities.

The Proposed Rights Issue of Shares with Warrants are not inter-conditional with the Proposed Acquisition and/ or Proposed SIS.

The Proposed Increase in Authorised Share Capital are inter-conditional upon the Proposed Rights Issue of Shares with Warrants, Proposed Acquisition and Proposed SIS but not vice versa.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by NETX.

29.4 As announced by the Company on 16 February 2015, the SSA entered into between the Company and the vendor dated 28 October 2014 for the Proposed Acquisition has been mutually terminated due to some changes and an adverse business environment faced by SSB.

However, the Company intends to proceed with the Proposed Rights Issue of Shares with Warrants, Proposed SIS and Proposed increase in Authorised Share Capital with some revisions, which the details will be announced later (Note 29.6).

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29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

29.5 On 24 April 2015, the Company entered into share sale agreement with Neurogine Sdn. Bhd. for the acquisition of 60,000 ordinary share of RM1.00 each in Payallz Sdn. Bhd. (formerly known as Amazing Revenue Sdn. Bhd.) ("PSB"), representing 60% equity stake in PSB, for a cash consideration of RM600,000.

29.6 On 28 April 2015, the Company announced to undertake the following:

- (i) Proposed renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NETX ("NETX Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NETX Share held, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue of Shares with Warrants");
- (ii) Proposed establishment of a share issuance scheme ("SIS") of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the SIS for the eligible employees of NETX and its subsidiaries ("NETX Group" or "Group") (excluding dormant subsidiaries)("Proposed SIS"); and
- (iii) Proposed increase in the authorised share capital of NETX from RM70,000,000 comprising 700,000,000 NETX Shares to RM500,000,000 comprising 5,000,000,000 NETX Shares ("Proposed Increase in Authorised Share Capital").

(collectively, (i) to (iii) are referred to as the "Proposals")

29.7 On 30 June 2015, the Company entered into a Sale and Purchase agreement with Regular Accomplishment Sdn. Bhd. for the disposal of NETX's entire equity stake of the following inactive subsidiaries companies:-

Name of companies	Equity interest	Consideration
	%	RM
Ariantec Green Power Sdn. Bhd.	100	1
Ariantec Green R & D Sdn. Bhd.	100	1
Ariantec System Sdn. Bhd.	100	1
Ariantec Consulting Sdn. Bhd.	100	1
Ariantec NOC Sdn. Bhd.	100	1
Global Green Energy Sdn. Bhd.	100	1
Global Soft (PG) Sdn. Bhd.	75	1
Global Soft International Sdn. Bhd.	60	1
		8

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30. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

30.1 On 28 August 2015, the Company announced that Bursa Securities approved for the following:

- (i) admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
- (ii) listing of up to 625,553,033 Rights Issue to be issued pursuant to the exercise of the Warrants;
- (iii) listing of up to 625,553,033 new NetX Shares to be issued pursuant to the exercise of the Warrants;
- (iv) listing of such number of new NetX Shares representing up to 30% of the total issued and paid-up share capital of NetX (excluding treasury shares, if any) during the duration of the SIS to be issued and allotted pursuant to the Proposed SIS.

The approval by Bursa Securities for the above Proposed SIS is subject to the following condition:

- (i) TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the SIS pursuant to Rule 6.44 of the Listing Requirement and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting;
- (ii) NetX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS Shares listed as at the end of each quarter together with a detailed computation of listing fees payables.

The approval by Bursa Securities for the Proposed Rights Issue of Shares with Warrants is subject to the following conditions:

- (i) NetX and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue of Shares with Warrants;
- (ii) NetX and TA Securities to furnish Bursa Securities upon the completion of the Proposed Rights Issue of Shares with Warrants;
- (iii) NetX to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities approval once the Proposed Rights Issue of Shares with Warrants is completed;

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NETX HOLDINGS BERHAD

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Company No. 533441-W

30. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR (cont'd)

30.1 The approval by Bursa Securities for the Proposed Rights Issue of Shares with Warrants is subject to the following conditions: (cont'd)

(iv) NetX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payables.

NetX is required to ensure full compliance with all the requirements pertaining to the Proposed Rights Issue of Shares with Warrants and Proposed SIS as provided under the Listing Requirements at all times.

30.2 On behalf of the Board of Directors of the Company, TA Securities had on 13 October 2015 announced that the Company proposed to reduce the par value of the issued and paid-up share capital of NetX as part of the proposals to be carried out. As such, the earlier proposals as announced on 28 April 2015 will be revised as follows:

(i) proposed reduction of the issued and paid-up share capital of NetX via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX to RM0.05 each in NetX ("NetX Shares" or "Shares") pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");

(ii) proposed renounceable rights issue of up to 625,553,033 new NetX Shares ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Proposed Par Value Reduction, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue of Shares with Warrants");

(iii) Proposed SIS; and

(iv) proposed increase in the authorised share capital of NetX from RM70,000,000 comprising 700,000,000 ordinary shares of RM0.10 each in NetX to RM250,000,000 comprising 5,000,000,000 NetX Shares ("Proposed Increase in Authorised Share Capital").

31. COMPARATIVES

The financial statements for the financial period ended 30 June 2014 covered a period of 18 months from 1 January 2013 to 30 June 2014 due to the change in financial year end. Accordingly, the comparatives for the statement of profit or loss and other comprehensive income, statement of cash flows and the related notes are not comparable.

Certain comparative amounts have been reclassified to conform with current year's presentation.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

NETX HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No. 533441-W

32. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Total accumulated losses				
- realised	(48,870,943)	(37,817,725)	(51,543,588)	(38,156,531)
- unrealised	2,296,391	3,159,256	-	-
Accumulated losses as per financial statements	(46,574,552)	(34,658,469)	(51,543,588)	(38,156,531)

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 31 DECEMBER 2015**

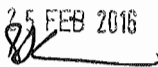
NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER	PRECEDING YEAR QUARTER	CURRENT PERIOD TO DATE	PRECEDING YEAR TO DATE
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
REVENUE	4,873	1,184	5,913	2,425
COST OF SALES	(1,780)	(1,150)	(2,027)	(2,355)
GROSS PROFIT	3,093	34	3,886	70
OTHER INCOME	202	24	248	50
ADMINISTRATION EXPENSES	(452)	(320)	(805)	(653)
OTHER OPERATING EXPENSES	(26)	(1)	(26)	(1)
PROFIT/(LOSS) FROM OPERATIONS	2,817	(263)	3,303	(534)
FINANCE COST	(55)	(47)	(100)	(95)
PROFIT/(LOSS) BEFORE TAX	2,762	(310)	3,203	(629)
INCOME TAX EXPENSES	0	0	-	-
NET PROFIT/(LOSS) FOR THE PERIOD	2,762	(310)	3,203	(629)
OTHER COMPREHENSIVE INCOME	0	0	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	2,762	(310)	3,203	(629)
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	2,771	(310)	3,207	(629)
NON-CONTROLLING INTEREST	(9)	-	(4)	-
	2,762	(310)	3,203	(629)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	2,771	(310)	3,207	(629)
NON-CONTROLLING INTEREST	(9)	-	(4)	-
	2,762	(310)	3,203	(629)
EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	0.44	(0.05)	0.51	(0.10)

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The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)**

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	AS AT 31 December 2015 Unaudited RM'000	AS AT 30 June 2015 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	5,699	5,701
Deferred Tax Asset	2,296	2,296
Goodwill on Consolidation	10,780	10,780
	<u>18,775</u>	<u>18,777</u>
<u>CURRENT ASSETS</u>		
Inventories	490	618
Trade Receivables	3,435	869
Other Receivables, Deposits and Prepayment	1,054	960
Cash and Bank Balances	3,676	2,479
	<u>8,655</u>	<u>4,926</u>
TOTAL ASSETS	<u>27,430</u>	<u>23,703</u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	62,555	62,555
Share Premium	2,599	2,599
Accumulated Losses	(43,368)	(46,575)
	21,786	18,579
Non-Controlling Interest	(64)	(60)
TOTAL EQUITY	<u>21,722</u>	<u>18,519</u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing	3,016	3,150
	<u>3,016</u>	<u>3,150</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	910	1,101
Other Payables and Accruals	338	630
Provision for warranty	1,170	-
Deferred Income	5	42
Amount due to a director	3	3
Short Term Borrowing	266	258
	<u>2,692</u>	<u>2,034</u>
TOTAL LIABILITIES	5,708	5,184
TOTAL EQUITIES AND LIABILITIES	<u>27,430</u>	<u>23,703</u>
Net Assets per share attributable to owners of the Company (RM)	0.03	0.03

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)**

NETX HOLDINGS BERHAD (533441-W)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	←———— ATTRIBUTABLE TO OWNER OF THE PARENT —————→			TOTAL RM'000	NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	NON DISTRIBUTABLE RESERVE - SHARE PREMIUM RM'000	DISTRIBUTABLE RESERVE - ACCUMULATED LOSSES RM'000			
Balance as at 1 July 2015	62,555	2,599	(46,575)	18,579	(60)	18,519
Net profit for the financial period representing total comprehensive expenses for the period	-	-	3,207	3,207	(4)	3,203
Balance as at 31 December 2015	62,555	2,599	(43,368)	21,786	(64)	21,722
Balance as at 1 July 2014	62,555	2,599	(34,658)	30,496	25	30,521
Net loss for the financial period representing total comprehensive expenses for the period	-	-	(629)	(629)	-	(629)
Balance as at 31 December 2014	62,555	2,599	(35,287)	29,867	25	29,892

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	CURRENT PERIOD TO DATE 31/12/2015 RM'000	PRECEDING YEAR TO DATE 31/12/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,203	(629)
Adjustment for:		
Depreciation of property, plant and equipment	85	62
Amortisation of deferred income	(37)	-
Provision for warranty	1,170	-
Bad debts written off	26	-
Property, plant and equipment written off	-	1
Loss/(Gain) on disposal of plant and equipment	-	-
Unrealised foreign exchange gain	(163)	-
Interest expense	100	95
Interest income	(12)	(23)
Operating profit/(loss) before working capital changes	4,372	(494)
Increase in current assets	(2,453)	(536)
Decrease in current liabilities	(483)	141
Cash Used in Operations	1,436	(889)
Tax Paid	-	(12)
Interest paid	(100)	(95)
Net Cash Used in Operating Activities	1,336	(996)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12	23
Purchase of property, plant and equipment	(74)	(2)
Net Cash (Used in) / Generated from Investing Activities	(62)	21
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of term loans	(126)	(130)
Net Cash Used in Financing Activities	(126)	(130)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,148	(1,105)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,479	3,357
UNREALISED FOREIGN EXCHANGE GAIN	49	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,676	2,252
Cash and cash equivalents at end of period consist of :-		
Cash and bank balances	3,676	2,252

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

NETX HOLDINGS BERHAD (533441-W)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

A. EXPLANATORY NOTES

A 1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for year ended 30 June 2015. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2015.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial period ended 30 June 2015. The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

MFRS and IC Interpretations (Including The Consequential Amendments)		Effective Date
Annual Improvements to MFRSs 2012 - 2014 Cycle		1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 5, MFRS 7 and MFRS 134	Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments	1 January 2018

The adoption of the MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

A 2 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not subject to any seasonal or cyclical factors.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

A 3 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2015.

A 4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the financial period under review.

A 5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2015.

A 6 DIVIDENDS PAID

No dividends were paid during the financial period under review.

A 7 SEGMENTAL INFORMATION

The Group's operating segments are classified according to the nature of activities as follow:-

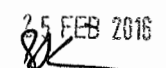
Payment services : Involved in terminal services.
 Non-payment services : Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, intergration and installation and provision of IT services.

	Individual Quarter		Cumulative Quarter	
	Ended 31-Dec-15 RM'000	Ended 31-Dec-14 RM'000	Ended 31-Dec-15 RM'000	Ended 31-Dec-14 RM'000
Segment Revenue				
Payment services	32	-	113	-
Non-payment services	4,857	1,184	5,848	2,425
	<u>4,889</u>	<u>1,184</u>	<u>5,961</u>	<u>2,425</u>
Eliminations	(16)	-	(48)	-
Group revenue	<u>4,873</u>	<u>1,184</u>	<u>5,913</u>	<u>2,425</u>
Segment Results				
Payment services	(65)	-	(29)	-
Non-payment services	2,827	(310)	3,232	(629)
Profit before taxation	<u>2,762</u>	<u>(310)</u>	<u>3,203</u>	<u>(629)</u>

A 8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation undertaken for property, plant and equipment.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)**

A 9 CHANGES IN THE COMPOSITION OF THE GROUP

On 18 November 2015, the wholly-owned subsidiary, Ariantec Sdn. Bhd., has incorporated a wholly owned subsidiary in Republic of Seychelles, NetX Digital Limited ("NDL"), with paid up share capital of USD10,000 divided into 10,000 shares of USD1.00 each. The principal activity of NDL is trading of information technology related hardware and software equipment.

There were no other changes in the composition of the Group during the financial period under review.

A 10 CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for as at the date of this report.

A 11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There were no material events subsequent to the end of the interim reporting period other than the corporate exercise as disclosed in Note B8 (A).

A 12 CAPITAL COMMITMENTS

The Group does not have material capital commitments at the balance sheet date.

A 13 RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties during the financial period under review.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B 1 PERFORMANCE REVIEW

For the current quarter ended 31 December 2015, the Group's revenue increased by approximately 311% from RM1.18 million in the corresponding quarter in the previous year to RM4.87 million for the current quarter. The Group recorded a profit before taxation for the current quarter of RM2.8 million compared to loss before tax of RM0.31 million in the the corresponding quarter in the previous year. The increase in profit before tax was mainly due to higher revenue and higher gross profit margin achieved in current quarter of 63% against 3% for the corresponding quarter in the previous year, mainly due to provision of product warranties and assurances to the customers.

The Group's revenue for period ended 31 December 2015 increased by approximately 144% from RM2.43 million in the previous year todate to RM5.91 million for the current year todate. The Group recorded a profit before taxation for the current year todate of RM3.2 million compared to loss before tax of RM0.63 million in the previous year todate. The increase in profit before tax was mainly due to higher revenue and higher gross profit margin achieved in current year of 66% against 3% for the previous year, mainly due to provision of product warranties and assurances to the customers.

B 2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED WITH PRECEDING QUARTER

	Current Quarter Ended 31.12.2015 RM'000	Preceding Quarter Ended 30.09.2015 RM'000
Revenue	4,873	1,040
Profit before tax	<u>2,762</u>	<u>441</u>

The Group's revenue increased by approximately 368% from RM1.04 million in the previous quarter to RM4.87 million in the current quarter. The profit before taxation has increased by 526% from RM0.44 million in the previous quarter to RM2.76 million in the current quarter mainly due to higher revenue achieved in the current quarter.

B 3 CURRENT YEAR PROSPECTS

The directors and management of the Group is pursuing business ventures, recruit technical skills to overcome the unstable market condition in order to propel future growth and achieve a solid revenue base for the Group.

The directors anticipate that the Group will deliver a reasonable performance despite the challenging economic condition for the financial year ending 30 June 2016.

B4 PROFIT / (LOSS) BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000	Current Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of Property, plant and equipment	42	31	85	62
Bad debts written off	26	-	26	-
Property, plant and equipment written off	-	1	-	1
Provision of warranty	972	-	1,170	-
Interest expense	55	47	100	95
Unrealised foreign exchange gain	(163)	-	(163)	-
Interest income	(4)	(11)	(12)	(23)
Rental income	(34)	(13)	(69)	(27)

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

B 5 PROFIT FORECAST OR PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Company.

B 6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	-	-	-
- Deferred taxation	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the financial period.

The effective tax rate of the Group for the financial period were lower than the statutory tax rate principally due to unabsorbed losses brought forward.

B 7 DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

	As at 31.12.2015 Unaudited RM'000	As at 30.06.2015 Audited RM'000
Total accumulated losses:		
- Realised	(45,664)	(48,871)
- Unrealised	<u>2,296</u>	<u>2,296</u>
Total accumulated losses as per consolidated statement of financial position	<u>(43,368)</u>	<u>(46,575)</u>

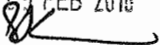
B 8 STATUS OF CORPORATE PROPOSALS**A) PROPOSED PAR VALUE DEDUCTION, RIGHT ISSUE WITH WARRANTS AND SHARE ISSUANCE SCHEME**

On 28 April 2015, the Company proposed to undertake the following:

- (i) Proposed renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NetX on the basis of one (1) rights share for every one (1) existing share held, together with up to 625,553,033 free detachable warrants on the basis of one (1) warrant for every one (1) rights share subscribed at an entitlement date to be determined later ("**Original Proposed Rights Issue of Shares with Warrants**");
- (ii) Proposed establishment of a share issuance scheme ("**SIS**") of up to thirty percent (30%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the SIS for the eligible employees of NetX and its subsidiaries ("**NetX Group**" or "**Group**") (excluding dormant subsidiaries) ("**Proposed SIS**"); and
- (iii) Proposed increase in the authorised share capital of NetX from RM70,000,000 comprising 700,000,000 ordinary shares of RM0.10 each in NetX to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each in NetX.

On 5 June 2015, the Company has submitted the additional listing application for the above-mentioned Proposals to Bursa Securities.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

B 8 STATUS OF CORPORATE PROPOSALS (CONT'D)

A) PROPOSED PAR VALUE DEDUCTION, RIGHT ISSUE WITH WARRANTS AND SHARE ISSUANCE SCHEME

On 28 August 2015, the Company announced that Bursa Securities approved (the "Approval") for the followings:

- (i) Admission to the Official List and the listing of and quotation for up to 625,553,033 warrants to be issued pursuant to the Original Proposed Rights Issue of Shares with Warrants;
- (ii) Listing of up to 625,553,033 new ordinary shares of RM0.10 each in NetX to be issued pursuant to Original Proposed Rights Issue of Shares with Warrants;
- (iii) Listing of up to 625,553,033 new ordinary shares of RM0.10 each in NetX to be issued pursuant to the exercise of the Warrants;
- (iv) Listing of such number of new ordinary shares of RM0.10 each in NetX representing up to 30% of the total issued and paid-up share capital of NetX (excluding treasury shares, if any) during the duration of the SIS to be issued and allotted pursuant to the Proposed SIS.

on the Ace Market of Bursa Securities.

On 13 October 2015, the Company proposed to reduce the par value of the issued and paid-up share capital of NetX as part of the proposals to be carried out. As such, the earlier proposals as announced on 28 April 2015 will be revised as follows:

- (i) Proposed reduction of the issued and paid up share capital of NetX via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX to RM0.05 each in NetX ("**NetX Shares**" or "**Shares**") pursuant to Section 64 of the Companies Act, 1965 ("**Act**") "**Proposed Par Value Reduction**"
- (ii) Proposed renounceable rights issue of up to 625,553,033 new NetX shares ("**Rights Shares**") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Proposed Par Value Reduction, together with up to 625,553,033 free detachable warrants ("**Warrants**") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("**Entitlement Date**") ("**Proposed Rights Issue of Shares with Warrants**");
- (iii) Proposed SIS: and
- (iv) Proposed increase in the authorised share capital of NetX from RM70,000,000 comprising 700,000,000 ordinary shares of RM0.10 each in NetX to RM250,000,000 comprising 5,000,000,000 NetX Shares ("**Proposed Increase in Authorised Share Capital**").

(Collectively referred to as the "**Proposals**")

On 22 October 2015, the Company announced that the additional listing application for the Proposals has been submitted to Bursa Securities.

On 21 December 2015, the Company announced that Bursa Securities has approved the following:

- (i) The maximum number of shares arising from the revised Proposed Rights Issue of Shares with Warrants remains the same as the Original Proposed Rights Issue of Shares with Warrants;
- (ii) The maximum number of warrants arising from the revised Proposed Rights Issue of Shares with Warrants remains the same as in the Original Proposed Rights Issue of Shares with Warrants;
- (iii) The basis of entitlement under the revised Proposed Rights Issue of Shares with Warrants remains unchanged from the basis in the entitlement in the Original Proposed Rights Issue of Shares with Warrants i.e., one (1) Rights Share with one (1) Warrant for every ordinary share held;
- (iv) The total gross proceeds to be raised has been reduced from RM6,000,000 in the Original Proposed Rights Issue of Shares with Warrants to RM4,500,000 in the revised Proposed Rights Issue of Shares with Warrants;

The utilisation of the proceeds remains the same, except that the amount to be allocated for each of the utilisation (with the exception of estimated expenses in relation to the Proposals, which remains the same) will be reduced accordingly, concurrent with the reduction in the total proceeds to be raised; and

The minimum issue price of the rights shares pursuant to the Original Proposed Rights Issue of Shares with Warrants and the revised Proposed Rights Issue of Shares with Warrants is RM0.10 and RM0.05, respectively as a result of the Proposed Par Value Reduction.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

B 8 STATUS OF CORPORATE PROPOSALS (CONT'D)

A) PROPOSED PAR VALUE DEDUCTION, RIGHT ISSUE WITH WARRANTS AND SHARE ISSUANCE SCHEME

In view of the above:

- (i) the Approval is applicable to the revised Proposed Rights Issue of Shares with Warrants;
- (ii) NetX must complete the implementation of the revised Proposed Rights Issue of Shares with Warrants within six (6) months from the date of the letter dated 17 December 2015;
- (iii) NetX must issue the circular relating to the revised Proposed Rights Issue of Shares with Warrants within fourteen (14) market date from the date of the letter dated 17 December 2015.

On 21 January 2016, the shareholders have at the Extraordinary General Meeting (EGM) approved the Proposals.

As at the date of this report, the Company is pending Court's approval for the Proposed Par Value Reduction.

B) STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

Following the completion of private placement exercise on 18 November 2013, the following are the status of utilisation of the

<u>Purpose</u>	<u>Proposed Utilisation</u>	<u>Actual Utilisation</u>	<u>Unutilised Proceeds</u>	<u>Deviation</u>	<u>Intended Timeframe for Utilisation</u>
	RM'000	RM'000	RM'000	RM'000	
-Working capital	3,380	4,080	-	700	Within 24 months
-Future projects funding	2,200	1,500	-	(700)	Within 24 months
-Estimated expenses in relation to proposed private placement	100	100	-	-	Within 1 month
	<u>5,680</u>	<u>5,680</u>	<u>-</u>	<u>-</u>	

The Board has on 20 November 2015 approved the balance of the proceeds from Private Placement for future projects funding to

B 9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 31/12/2015 Unaudited RM'000	As at 30.06.2015 Audited RM'000
Short term borrowing		
Secured	<u>266</u>	<u>258</u>
Long term borrowing		
Secured	<u>3,016</u>	<u>3,150</u>

B10 DIVIDEND PAYABLE

No dividend was declared or paid in the current period under review.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

B 11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30/09/15	PRECEDING YEAR QUARTER 30/09/14	CURRENT PERIOD TO DATE 30/09/15	PRECEDING YEAR TO DATE 30/09/14
Net profit/(loss) attributable to owners of the parent (RM)	<u>2,771,000</u>	<u>(310,000)</u>	<u>3,207,000</u>	<u>(629,000)</u>
Weighted average number of ordinary shares	<u>625,553,033</u>	<u>625,553,033</u>	<u>625,553,033</u>	<u>625,553,033</u>
Basic profit/(loss) per share (sen)	<u>0.44</u>	<u>(0.05)</u>	<u>0.51</u>	<u>(0.10)</u>

(b) Diluted

The diluted profit/(loss) per share of the Group has not been presented as there are no dilutive potential ordinary share during the financial period.

B 12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 June 2015 was qualified in respect of the remaining goodwill for non-electronic payment services. The carrying amount of the cash-generating unit, non-electronic payment services, inclusive of goodwill as of the year end exceeded its recoverable amount. The details of the qualification has been announced on 29 October 2015.

The directors and management of the Group is pursuing more business ventures to improve the performance of the Group in order to justify the carrying amount of the remaining goodwill.

B 13 AUTHORISATION FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 February 2016.

DIRECTORS' REPORT



Registered Office:

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

09 MAY 2016

To: Shareholders of NetX Holdings Berhad (“NetX” or “Company”)

Dear Sir/Madam,

On behalf of the Board of Directors of NetX (“Board”), I wish to report that after making due enquiries in relation to our Company and subsidiary companies (“Group”) during the period between 30 June 2015 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

- (i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
NETX HOLDINGS BERHAD

A handwritten signature in black ink, appearing to be "Tengku Ahmad Badli Shah Bin Raja Hussin".

Tengku Ahmad Badli Shah Bin Raja Hussin
Chairman / Independent Non-Executive Director

Wisma Ariantec, 1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5,
47810, Petaling Jaya, Selangor Darul Ehsan.
Tel no. 603-6142 3196, 603-6142 3198 Fax no. 603-6142 3292

ADDITIONAL INFORMATION

1. SHARE CAPITAL

- 1.1 Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.
- 1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.05 each, all of which rank *pari passu* with one another.
- 1.3 As at the LPD, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities:
- (a) the Entitled Shareholders who will be allotted the provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants; and
 - (b) up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) can be issued at any one time during the duration of the SIS for the Eligible Persons after the completion of the Rights Issue of Shares with Warrants and implementation of the SIS. As at the LPD, the SIS has not been implemented.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

Article 111

Subject to Articles 113 below, the fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or failing agreement, equally, except that any director who shall hold office for part only of that period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

- (a) fees payable to executive directors shall be by way of a fixed sum, and may not include a commission on or percentage of profits or turnover;
- (b) fees payable to non-executive directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

Article 112

The fees payable to the directors shall not be increased unless a resolution to that effect is passed at a general meeting PROVIDED ALWAYS that notice of the proposed increase has been duly given in such notice convening the general meeting.

ADDITIONAL INFORMATION (CONT'D)

Article 113

- (1) The salaries and benefits-payable for the executive directors shall be subject to the approval of the Board.
- (2) Any reimbursement to the directors for disbursements are subject to the approval of the Board.

Article 114

- (1) The directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.
- (2) If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular, without limiting to the generality of the foregoing, if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the Board may pay him a special remuneration, in addition to his director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be agreed PROVIDED ALWAYS that such special remuneration payable to:-
 - (a) a non executive director, shall not be by a commission on or percentage of profits or turnover; or
 - (b) an executive director, shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, neither we nor our subsidiary companies have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this AP:

- (i) the Deed Poll dated 4 May 2016 executed by our Company constituting the Warrants;
- (ii) Ariantec, a wholly-owned subsidiary of our Company, Microbial International Sdn Bhd (formerly known as Niagara Technologies International Sdn Bhd) ("**MISB**"), Vincent Loy Ghee Yaw and Chen Kong Kheng had on 30 May 2014 entered into a settlement agreement ("**Settlement Agreement**") to record the settlement of a suit (Kuala Lumpur High Court Civil Suit No. 22 NCC-674-12/2013) filed by Ariantec against MISB claiming for an outstanding amount of RM8,555,793.05 which represents the outstanding payment due from MISB for goods and services rendered under a supply agreement entered into between Ariantec and MISB on 6 September 2011.

Pursuant to the Settlement Agreement, Vincent Loy Ghee Yaw and Chen Kong Kheng shall collectively pay a sum of RM700,000.00 to Ariantec as full and final settlement of the said suit and both parties shall withdraw their respective claims with no order as to costs and no liberty to file afresh.

ADDITIONAL INFORMATION (CONT'D)

- (iii) Our Company together with Chen Chee Onn, Tan Chye Gay, Ooi Leng Chye and Chan Jet Ming (“collectively referred to as the “**Vendors**”) had on 28 October 2014 entered into a share sale agreement for the acquisition of 51,000 ordinary shares of RM1.00 each in Springworks Sdn Bhd representing 51% of the total issued and paid up share capital in Springworks Sdn Bhd by our Company from the Vendors for a purchase consideration of RM16,000,000.00 to be satisfied via the issuance of 160,000,000 new NetX Shares at an issue price of RM0.10 per NetX Share (“**SSA**”).

Our Board had on 16 February 2015 announced that the SSA has been mutually terminated by the parties on even date due to some changes and an adverse business environment faced by Springworks Sdn Bhd; and

- (iv) Our Company and Neurogine Sdn Bhd had on 24 April 2015 entered into a share sale agreement for the acquisition of 60,000 ordinary shares of RM1.00 each in Payallz by our Company, representing 60% equity interest in Payallz by our Company from Neurogine Sdn Bhd for a purchase consideration of RM600,000.00.

4. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiary company are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary company or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary companies.

5. GENERAL

- 5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.
- 5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:
- (i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (ii) material commitments for capital expenditure of our Group;
 - (iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
 - (iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group’s revenue or operating income;
 - (v) substantial increase in revenues; and
 - (vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

ADDITIONAL INFORMATION (CONT'D)

6. CONSENTS

The Adviser, Company Secretaries, Principal Banker, Share Registrar, Solicitors for the Rights Issue of Shares with Warrants, Infobusiness and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors for the Rights Issue of Shares with Warrants to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 30 June 2015 and the audited consolidated financial statements of our Group for the FYE 30 June 2015 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of twelve (12) months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) the audited financial statements of our Group for the eighteen (18)-month FPE 30 June 2014 and FYE 30 June 2015 as well as the latest unaudited consolidated quarterly results for six (6)-month period ended 31 December 2015;
- (iii) pro forma consolidated statements of financial position of our Group as at 30 June 2015 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;
- (iv) the irrevocable and unconditional written undertaking letters by the Undertaking Shareholder as referred to in Section 2.4 of this AP;
- (v) Directors' Report referred to **Appendix VI** of this AP;
- (vi) the Deed Poll;
- (vii) the IMR Report;
- (viii) the letters of consent referred to in Sections 6 of this **Appendix VII**; and
- (ix) the material contracts referred to in Section 3 of this **Appendix VII**.

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.