

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

A. EXPLANATORY NOTES

A 1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The quarterly financial report ended 30 September 2013 is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 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 the year ended 31 December 2012. 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 31 December 2012.

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 year ended 31 December 2012, except for in the current period ended 30 September 2013, the Group adopted the Malaysian Financial Reporting Standards Framework ("MFRS Framework") relevant to the Group as explained below:

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefit (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

On 19 November 2011, Malaysian Accounting Standard Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer ("Transitioning

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening undistributed. 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 of the Company/Group is not subject to any seasonal or cyclical factors.

A 3 NATURE AND AMOUNT OF EXCEPTIONAL AND/OR EXTRAORDINARY ITEMS

There were no exceptional and/or extraordinary items as at the date of this announcement.

A 4 CHANGES IN ESTIMATES

There were no material changes in estimates in respect of amount reported in prior financial years, which have a material effect in the quarter under review.

A 5 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES, SHARE BUYBACKS, SHARE CANCELLATIONS AND TREASURY SHARES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares or resale of treasury shares for the current financial period ended 30 September 2013.

A 6 DIVIDENDS PAID

No dividends were paid during the quarter under review.

A 7 SEGMENTAL INFORMATION

A segmental report is not prepared as the company is only involved in network infrastructure business.

A 8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of property, plant and equipment reported in the previous audited financial statements that will have an impact on the quarter under review.

A 9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Company had obtained approval from shareholders in Extraordinary General Meeting held on 25 October 2013 to change its name from Ariantec Global Berhad to NetX Holdings Berhad. The Company has subsequently on 28 October 2013 obtained approval from Companies Commission of Malaysia for change of name.

In the same meeting held on 25th October 2013, the shareholders had also approved the proposed private placement. The outcome of this private placement was that there were 56,800,000 new shares allotted with an issue price of RM0.10 per share. This exercise was completed on 18 November 2013. Consequently, the issued and paid-up share capital of the Company increased from RM56,875,303 comprising of 568,753,033 ordinary shares of RM0.10 each to RM62,555,303 comprising of 625,553,033 ordinary shares of RM0.10 each.

Other than above, there were no material events subsequent to the current financial period ended 30 September 2013 which is likely to substantially affect the results of the operations of the Group.

A 10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review.

A 11 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

A 12 CAPITAL COMMITMENTS

There were no material capital commitments incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B 1 REVIEW OF PERFORMANCE OF COMPANY/GROUP

The Group recorded in revenue and loss after taxation of RM0.137 million and RM0.477 million respectively for the quarter under review.

For the financial year to-date, the Group recorded revenue and loss after taxation of RM0.655 million and RM2.662 million compared to RM2.107 million revenue and loss after taxation RM5.586 million for the preceding year period ended of 30 September 2012. This represents a decreased of approximately RM1.452 million in revenue and loss after taxation ("LAT") decreased by approximately RM2.924 million respectively. The decreased in revenue was mainly due to lesser order placed by end customers as compared to previous quarter while decreased in loss after taxation was due to lesser expenditure incurred in the financial period under review.

B 2 COMPARISON WITH THE PRECEDING QUARTER'S RESULT

The Group's revenue decreased by approximately 66% from RM0.4 million in the previous quarter to RM0.137 million in the current quarter under review. The Group recorded a loss after taxation for the current quarter of RM0.477 million compared to loss after tax of RM1.15 million in the previous quarter. The decreased in revenue was mainly due to lesser order placed by end customers as compared to past quarter.

	Current Quarter Ended 30.09.2013 (Unaudited) RM'000	Preceding Quarter Ended 30.06.2013 (Unaudited) RM'000	Difference	
			RM'000	%
Revenue	137	400	(263)	(66)
Loss before tax	(477)	(1,150)	673	(59)
LAT	(477)	(1,150)	673	(59)

B 3 CURRENT YEAR PROSPECTS

The directors and management of the Group is committed to 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 31 December 2013.

B4 PROFIT/(LOSS) BEFORE TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/9/2013 RM'000	Preceding Year Corresponding Quarter Ended 30/9/2012 RM'000	Current Quarter Ended 30/9/2013 RM'000	Preceding Year Corresponding Quarter Ended 30/9/2012 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of P.P.E.	39	70	117	208
Provision of doubtful debts	-	3,000	-	3,000
Loss on disposal of P.P.E	7	-	19	-
Loss/(Gain) on forex	-	(6)	6	(33)
Equipment rental	10	-	10	-
Interest expense	75	55	178	155
Interest income	(8)	(11)	(49)	(45)

B 5 PROFIT FORECAST / PROFIT GUARANTEE

The Group did not issue any profit forecast/profit guarantee for the financial year to-date.

B 6 TAXATION

	Current qtr RM'000	Year to date RM'000
Tax expense	0	0
	<u>0</u>	<u>0</u>

B 7 DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES (UNAUDITED)

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Total retained losses of the Company and its subsidiaries :-		
- Realised	(31,497)	(28,835)
- Unrealised	17	17
Total group retained losses as per consolidated accounts	<u>(31,480)</u>	<u>(28,818)</u>

B 8 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 proceeds:-

<u>Purpose</u>	<u>Proposed</u>	<u>Actual</u>	<u>Intended</u>	<u>Deviation</u>	<u>Explanations</u>
	<u>Utilisation</u>	<u>Utilisation</u>	<u>Timeframe for</u> <u>Utilisation</u>		
	RM'000	RM'000		Amount RM'000	%
-Working capital	3,380.00		0 Within 12 months	N/A	N/A
-Future projects funding	2,200.00		0 Within 12 months	N/A	N/A
-Estimated expenses in relation to proposed private placement	100.00	82.20	Within 1 month	17.80	Partial expenses paid
	<u>5,680.00</u>	<u>82.20</u>		<u>17.80</u>	

B 9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Short term borrowing		
Secured	<u>244</u>	<u>421</u>
Long term borrowing		
Secured	<u>3,597</u>	<u>3,777</u>

B 10 MATERIAL LITIGATION

Save as disclosed below, there were no other material litigation as at the date of this report:

(i) The Company had on 26 February 2005 applied for amongst others, an injunction against Teh Chee Siong, Law Yee Wei, Cheong Kat Yoong and B.I.S. Technologies Sdn Bhd (collectively the "Defendants") personally or through its directors, shareholders, employees, agents from copying, showing, distributing and marketing the entire Global e-Ticketing System (GET Programme) or a substantial part of the GET Programme as "i-Ticketing System Solution" and the resulting damages to be assessed for the infringement of copyright.

On 22 April 2005, the Defendants filed a statement of defence and counter claim for, among others, special damages of RM903,690.00. Global Soft had subsequently on 17 May 2005 replied to the statement of defence and counter claim. The solicitors of Global Soft are of the opinion that the statement of defence and counter claim filed by the Defendants are frivolous and baseless in nature.

On 26 October 2005, Global Soft has filed with the Kuala Lumpur High Court an application to strike out the counter claim of the Defendants on the grounds that it was a frivolous and baseless.

The matter was mentioned on 5 June 2006 and fixed for hearing on 19 October 2006. The matter was then fixed for mention on 6 December 2006 but subsequently adjourned to 26 March 2007.

On 11 September 2007, the Application was set aside by the Court. The Court is of the view that the counter claim ought to be heard at the main trial and therefore allowed the application. There is no activity since 2007, our solicitors is in the midst to get a confirmation from court whether the case has been strike off.

(ii) Global Soft had on 29 March 2006 applied for an injunction against Phitomas Sdn Bhd ("Phitomas"), a competitor of the Company, with the Shah Alam High Court on grounds of defamation through the insertion of defamatory statements about Global Soft on Phitomas' website.

Global Soft will be seeking punitive damages amounting to RM2,000,000.00 in total, against Phitomas for libel against the Company (RM1,000,000) and for malicious falsehood (RM1,000,000). The solicitors acting for Global Soft are of the opinion that there is an element of defamation involved and thus, Global Soft has a good chance of obtaining the injunction.

The matter was adjourned on the 26 June 2006 as the judge was away. Global Soft is seeking a new date from the court. As the judge presiding over the case has been transferred, no date has been yet being fixed by the court.

There is no activity since 2006, our solicitors is in the midst to get a confirmation from court whether the case has been strike off.

(iii) On 8 February 2006, Global Soft, via its counsel, Messrs Nekoo Parames & Tung filed a Writ of Summon (Shah Alam Session Court No. 52-437-06) with the Shah Alam Session Court against North West Enterprise Sdn Bhd ("NWE") claiming for an outstanding amount of RM27,380.00. The claim of RM27,380.00 representing the outstanding payment due from NWE for services rendered under a Sale and License Agreement entered into between Global Soft and NWE 17 October 2002 ("the Contract"). The matter was set for first mention on 27 June 2006 and was subsequently adjourned to 24 July 2006.

No announcement was made with regard to the aforesaid claim as the Board of Directors of Global Soft is of the opinion that it will not have any material financial or operational impact on Global Soft and its group of companies ("Global Soft Group").

However, on 24 July 2006, Company received notice that it has been served with a Statement of Defence together with a Statement of Counter-Claim for RM1,565,439.94 by NWE. The bulk of the counter-claim relates to staff costs incurred to remedy the alleged defects of Global Soft's software (which was sold to NWE under the Contract), and for loss of profit, loss of business opportunity and replacement cost which arose due to the said alleged defects ("Counter-Claim").

On 8 August 2008, the lawyers for the Defendants served on us a sealed copy of the court order to transfer the matter to High Court. No date has been yet being fixed by the court as at the date of this report.

Based on the opinion our solicitors, the Counter-Claim by NWE on grounds of loss of profit and loss of opportunity are unlikely to be successful under the prevailing laws. The solicitors are also of the opinion that Global Soft is likely to be exonerated from the Counter-Claim as pursuant to Clause 4.2 stipulated in the Contract, it clearly provides that Global Soft shall not assume any direct or indirect financial losses or claims from any third party resulting from the use of the Company's software.

There is no activity since 2006, our solicitors is in the midst to get a confirmation from court whether the case has been strike off.

B11 DIVIDEND PAYABLE

No dividend was declared or paid in this quarter.

B 12 EARNINGS PER SHARE

Earnings per share was calculated based on net profit for the period and the weighted average number of shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/13	PRECEDING YEAR QUARTER 30/09/12	CURRENT YEAR TO DATE 30/09/13	PRECEDING YEAR TO DATE 30/09/12
Net profit attributable to owners of the parent (RM)	<u>(477,000)</u>	<u>(3,407,000)</u>	<u>(2,662,000)</u>	<u>(5,586,000)</u>
Weighted average number of ordinary shares	<u>568,753,033</u>	<u>568,753,033</u>	<u>568,753,033</u>	<u>568,753,033</u>
Basic earnings/(loss) per share (sen)	<u>(0.08)</u>	<u>(0.60)</u>	<u>(0.47)</u>	<u>(0.98)</u>
Weighted average number of ordinary shares	568,753,033	568,753,033	568,753,033	568,753,033
Effect of dilution	0	0	0	0
Adjusted weighted average number of ordinary shares in issue and issuable	<u>568,753,033</u>	<u>568,753,033</u>	<u>568,753,033</u>	<u>568,753,033</u>
Diluted earnings/(loss) per share (sen)	<u>(0.08)</u>	<u>(0.60)</u>	<u>(0.47)</u>	<u>(0.98)</u>

B 13 QUALIFICATION OF FINANCIAL STATEMENTS

The auditors' report for the preceding annual financial statements of the Group for the financial year ended 31 December 2012 was subject to qualification as below:

Included in the Group's intangible assets and the Company's investment in subsidiary are amounts of RM26,784,937 and RM38,250,000 representing goodwill on consolidation which arose on the acquisition of a subsidiary in prior year and the historical cost of investment in the said subsidiary. The said subsidiary reported a significant net loss after tax of RM10,632,028 in its audited financial statements for the financial year ended 31st December 2012. Notwithstanding the impairment loss on goodwill amounting to RM6,655,000 and impairment loss on investment in this subsidiary of RM18,100,000 made during the financial year as disclosed in Notes 12 and 13 to the Financial Statements, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill with a net carrying amount of RM20,129,937 and net carrying amount of investment of RM20,150,000 are not significantly impaired.

B 14 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22nd November 2013.