

**NETX HOLDINGS BERHAD (533441-W)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
REVENUE	6,193	383	6,193	383
COST OF SALES	(1,957)	(848)	(1,957)	(848)
GROSS PROFIT / (LOSS)	4,236	(465)	4,236	(465)
OTHER INCOME	232	63	232	63
ADMINISTRATION EXPENSES	(1,492)	(757)	(1,492)	(757)
OTHER OPERATING EXPENSES	(1,593)	-	(1,593)	-
PROFIT / (LOSS) FROM OPERATIONS	1,383	(1,159)	1,383	(1,159)
FINANCE COST	(42)	(46)	(42)	(46)
PROFIT / (LOSS) BEFORE TAX	1,341	(1,205)	1,341	(1,205)
INCOME TAX EXPENSES	(165)	(2)	(165)	(2)
NET PROFIT / (LOSS) FOR THE PERIOD	1,176	(1,207)	1,176	(1,207)
OTHER COMPREHENSIVE INCOME	(99)	-	(99)	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	1,077	(1,207)	1,077	(1,207)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	905	(1,174)	905	(1,174)
NON-CONTROLLING INTEREST	271	(33)	271	(33)
	1,176	(1,207)	1,176	(1,207)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	811	(1,174)	811	(1,174)
NON-CONTROLLING INTEREST	266	(33)	266	(33)
	1,077	(1,207)	1,077	(1,207)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	0.07	(0.09)	0.07	(0.09)

*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 2017 and the accompanying explanatory notes attached to the interim financial statements.*

**NETX HOLDINGS BERHAD (533441-W)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	<b>AS AT 30 Sept 2017 Unaudited RM'000</b>	<b>AS AT 30 June 2017 Audited RM'000</b>
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Plant and Equipment	6,172	6,057
Intangible Assets	2,040	2,324
Other Investments	313	-
Marketable Securities	7,216	-
Deferred Tax Asset	117	117
Goodwill on Consolidation	693	693
	<u>16,551</u>	<u>9,191</u>
<b><u>CURRENT ASSETS</u></b>		
Inventories	291	333
Trade Receivables	12,275	8,755
Other Receivables, Deposits and Prepayment	6,442	3,415
Amount Owing by contract customers	3,657	13,690
Tax Recoverable	-	6
Fixed Deposits placed with Licensed Bank	3,565	4,009
Short Term Investment	2,725	2,702
Cash and Bank Balances	5,960	5,087
	<u>34,915</u>	<u>37,997</u>
<b>TOTAL ASSETS</b>	<u><u>51,466</u></u>	<u><u>47,188</u></u>
<b><u>EQUITIES AND LIABILITIES</u></b>		
<b><u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u></b>		
Share Capital	27,481	26,844
Warrant Reserve	15,263	15,263
Share Option Reserve	1,593	-
Foreign Exchange Reserve	(106)	(12)
Retained Profits	2,453	1,548
	<u>46,684</u>	<u>43,643</u>
Non-Controlling Interest	138	(128)
<b>TOTAL EQUITY</b>	<u>46,822</u>	<u>43,515</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	2,481	2,557
	<u>2,481</u>	<u>2,557</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	421	420
Other Payables and Accruals	286	251
Provision for warranty	-	-
Deferred Income	983	138
Short Term Borrowing (Mortgage)	311	307
Tax liabilities	162	-
	<u>2,163</u>	<u>1,116</u>
<b>TOTAL LIABILITIES</b>	4,644	3,673
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u><u>51,466</u></u>	<u><u>47,188</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.04	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 2017 and the accompanying explanatory notes attached to the interim financial statements.*

**NETX HOLDINGS BERHAD (533441-W)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	← ATTRIBUTABLE TO OWNER OF THE PARENT →						NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000	
	← NON - DISTRIBUTABLE RESERVE - →			← DISTRIBUTABLE →					
	SHARE CAPITAL RM'000	SHARE OPTION RESERVE RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000		
<b>Balance as at 1 July 2017</b>	26,844	-	-	15,263	(12)	1,548	43,643	(128)	43,515
Total Comprehensive income for the financial period	-	-	-	-	(94)	905	811	266	1,077
Transactions with owners:									
Share Issance	637	-	-	-	-	-	637	-	637
Share options granted under SIS	-	1,593	-	-	-	-	1,593	-	1,593
<b>Balance as at 30 September 2017</b>	<b>27,481</b>	<b>1,593</b>	<b>-</b>	<b>15,263</b>	<b>(106)</b>	<b>2,453</b>	<b>46,684</b>	<b>138</b>	<b>46,822</b>
<b>Balance as at 1 July 2016</b>	62,555	-	1,822	15,263	-	(38,875)	40,765	(84)	40,681
Net profit for the financial year representing total comprehensive income for the period	-	-	-	-	-	(1,174)	(1,174)	(33)	(1,207)
<b>Balance as at 30 September 2016</b>	<b>62,555</b>	<b>-</b>	<b>1,822</b>	<b>15,263</b>	<b>-</b>	<b>(40,049)</b>	<b>39,591</b>	<b>(117)</b>	<b>39,474</b>

**Note:**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credits standing in the share premium accounts of RM1,821,833 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium accounts within 24 months after the commencement of the New Act.

*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 2017 and the accompanying explanatory notes attached to the interim financial statements.*

**NETX HOLDINGS BERHAD (533441-W)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<b>CURRENT YEAR TO DATE 30/9/2017 RM'000</b>	<b>PRECEDING YEAR TO DATE 30/9/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	1,341	(1,205)
Adjustment for:		
Depreciation of property, plant and equipment	70	50
Amortisation of intangible assets	284	276
Amortisation of deferred income	(73)	(24)
Share-based compensation expenses	1,593	-
Unrealised foreign exchange loss	(26)	(39)
Interest expense	42	46
Interest income	(72)	(24)
<b>Operating (loss)/profit before working capital changes</b>	<b>3,159</b>	<b>(920)</b>
Decrease / (Increase) in current assets	4,453	(7,533)
Increase / (Decrease) in current liabilities	40	(1,158)
<b>Cash Used in Operations</b>	<b>7,652</b>	<b>(9,611)</b>
Tax Refund / (Paid)	3	(2)
Interest paid	(42)	(46)
<b>Net Cash Used in Operations</b>	<b>7,613</b>	<b>(9,659)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	24
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(185)	(14)
Withdrawal / (Placement) of fixed deposits (net)	444	(15,023)
Investment on quoted shares	(7,216)	-
Other Investment	(313)	-
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(7,270)</b>	<b>(15,009)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	637	-
Repayment of term loans	(71)	(67)
<b>Net Cash Used in Financing Activities</b>	<b>566</b>	<b>(67)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>909</b>	<b>(24,735)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>5,087</b>	<b>27,624</b>
<b>UNREALISED FOREIGN EXCHANGE GAIN</b>	<b>(36)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>5,960</b>	<b>2,889</b>
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	5,960	2,889
Short Term Investment	2,725	-
Fixed deposit with licensed bank	3,565	15,023
	12,250	17,912
Less: Short term investment	(2,725)	-
Less: Deposits placed with licensed bank	(3,565)	(15,023)
	5,960	2,889

*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 2017 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017**

**A. EXPLANATORY NOTES**

**A1 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 2017. 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 2017.

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 30 June 2017 except for the adoption of the following MFRS and Amendments to MFRS. The adoption of these MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

<b><u>MFRS and IC Interpretations (Including the Consequential Amendments)</u></b>		<b><u>Effective Date</u></b>
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12	Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2017

The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

<b><u>MFRS and IC Interpretations (Including the Consequential Amendments)</u></b>		<b><u>Effective Date</u></b>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 15	Clarification of MFRS 15	1 January 2018
Amendments to MFRS 1 & 128	Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018

<b><u>MFRS and IC Interpretations (Including the Consequential Amendments)</u></b>		<b><u>Effective Date</u></b>
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consolidation	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

## **A2 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group are not subject to any seasonal or cyclical factors.

## **A3 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 30 September 2017.

## **A4 CHANGES IN ESTIMATES**

There were no changes in estimates that have had any material effect on the financial period under review.

## **A5 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 September 2017 other than the followings:

- 1) On 20 September 2017 and 26 September 2017, the Company has issued and allotted 3,000,000 and 10,000,000 ordinary shares respectively at an issue price of RM0.049 to Macquarie Bank Limited pursuant to the Share Issuance Exercise mentioned in Note B8(B).

## **A6 DIVIDENDS PAID**

No dividends were paid during the financial period under review.

## **A7 SEGMENTAL INFORMATION**

The Group's operating segments are classified according to the nature of activities as follow:-

- Electronic Payment services : Involved in terminal and other related services.
- Non-electronic Payment services : 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.

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Electronic Payment services	5,331	135	5,331	135
Non-Electronic Payment services	921	276	921	276
	6,252	411	6,252	411
Eliminations	(59)	(28)	(59)	(28)
Group revenue	6,193	383	6,193	383
<b>Segment Results</b>				
Electronic Payment services	3,732	(423)	3,732	(423)
Non-Electronic Payment services	(798)	(782)	(798)	(782)
Profit before taxation	2,934	(1,205)	2,934	(1,205)
Share-based Compensation expense	(1,593)	-	(1,593)	-
	1,341	(1,205)	1,341	(1,205)
<b>Segment Assets</b>				
Electronic Payment services			12,360	7,233
Non-Electronic Payment services			38,989	39,838
			51,349	47,071
Deferred tax Assets			117	117
			51,466	47,188
<b>Segment Liabilities</b>				
Electronic Payment services			984	128
Non-Electronic Payment services			868	681
			1,852	809
Term Loans			2,792	2,864
			4,644	3,673

## **A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no valuation undertaken for property, plant and equipment.

## **A9 CHANGES IN THE COMPOSITION OF THE GROUP**

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

## **A10 CONTINGENT LIABILITIES**

There were no material contingent liabilities not provided for as at the date of this report.

## **A11 SIGNIFICANT EVENTS DURING THE INTERIM REPORTING PERIOD**

- 1) On 3 August 2017, 162,500,000 share options were offered to eligible employees at an exercise price of option of RM0.04 each. Options have been fully taken up by the respective eligible employees on the same date.
- 2) On 15 September 2017, a 90% owned subsidiary, First United Technology Ltd. has acquired 48,100,000 shares of MLABS System Berhad (“MLABS”) at an issue price of RM0.15 each, representing 8.43% equity interest in MLABS for a total cash consideration of RM7,215,000. Pursuant to the acquisition, First United Technology Ltd will also be issued 24,050,000 free Warrants B of MLABS.
- 3) On 8 September 2017, a 60% owned subsidiary, Payallz Sdn Bhd (“Payallz”) has entered into the followings:
  - a. Regional Agent Agreement (“RAA”) and a Supplement Agreement with Guangzhou, China based E-DO Business Technology Corporation for the entrusting to Payallz of the exclusive rights to promote the face-to-face payment clearing business, an online scanning payment and settlement business provided by Allinpay Network Services Co. Ltd to merchants by connecting through WeChat Pay, Union Pay, Jingdong Pay, Allinpay Wallet and other online wallets, in Malaysia.
  - b. Cooperation Agreement with Allinpay Financial Holdings Co. Ltd for the cooperation on the Allinpay’s face-to-face payment services wherein Allinpay Financial Holdings Co. Ltd shall provide financial receipt services, trading platform and transaction inquiry services to Payallz’s clients or merchants, pursuant to the signing of the RAA.

## **A12 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

- 1) On 3 October 2017, Payallz has entered into a collaboration agreement with Multimedia Research Labs Sdn Bhd and Onliner Co. Ltd for the establishment of the collaboration and exploration of opportunities to develop, support, implement plans and undertake activities to enhance Chatuchak’s free Wi-Fi business that is mutually beneficial to the parties.
- 2) On 3 November 2017, 302,981,800 share options were offered to eligible employees at an exercise price of option of RM0.048 each.



**A13 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 30 September 2017 is as follows:

	RM'000
Approved and contracted for:	
Intangible Assets	323
Subscription of 51% equity interest in FOM	<u>1,904</u>

**A14 RELATED PARTY TRANSACTIONS**

There were no significant transactions with related parties during the financial period under review.

## B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.9.2017	30.9.2016	RM'000	%	30.9.2017	30.9.2016	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	6,193	383	5,810	1,517	6,193	383	5,810	1,517
Gross Profit	4,236	(465)	4,701	1,011	4,236	(465)	4,701	1,011
Profit Before Interest and Tax	1,383	(1,159)	2,542	219	1,383	(1,159)	2,542	219
Profit Before Tax	1,341	(1,205)	2,546	211	1,341	(1,205)	2,546	211
Profit After Tax	1,176	(1,207)	2,383	197	1,176	(1,207)	2,383	197
Profit Attributable to Ordinary Equity Holders of the Company	905	(1,174)	2,079	177	905	(1,174)	2,079	177

For the current quarter ended 30 September 2017, the Group recorded revenue of RM6.19 million, significantly higher as compared to RM0.38 million in the corresponding quarter in previous year. This was mainly due to contract sales in Non-electronic payment services segment and new sales of electronic payment solutions in electronic payment services segment.

The corresponding quarter in previous year has a gross loss position due to no sales of electronic payment solutions to cover the amortization of intangible assets of RM276k and due to warranties claim by a customer resulted in loss of RM330k.

The Group recorded a profit before taxation for the current quarter of RM1.34 million, improved as compared to loss before tax of RM1.21 million in the corresponding quarter in previous year, mainly due to higher revenue achieved, but mitigated by share-based compensation expenses of RM1.59 million for the offering of share options to eligible employees in current quarter.

#### Electronic Payment Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.9.2017	30.9.2016	RM'000	%	30.9.2017	30.9.2016	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	5,272	107	5,165	4,827	5,272	107	5,165	4,827
Gross Profit	4,120	(237)	4,357	1,838	4,120	(237)	4,357	1,838
Profit Before Interest and Tax	3,732	(423)	4,155	982	3,732	(423)	4,155	982
Profit Before Tax	3,732	(423)	4,155	982	3,732	(423)	4,155	982
Profit After Tax	3,569	(423)	3,992	944	3,569	(423)	3,992	944
Profit Attributable to Ordinary Equity Holders of the Company	3,298	(390)	3,688	946	3,298	(390)	3,688	946

For the current quarter ended 30 September 2017, this segment achieved revenue of RM5.27 million in current quarter, significantly higher than RM107k in the corresponding quarter in previous year, was mainly due to intensive marketing initiative to increase number of merchant and new sales of electronic payment solutions to overseas. The corresponding quarter in previous year has a gross loss

position due to no sales of electronic payment solutions to cover the amortization of intangible assets of RM276k.

This segment achieved profit before tax of RM3.73 million in current quarter, significantly improved compared to loss before tax of RM423k in the corresponding quarter in previous year, mainly due to higher revenue achieved.

#### Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.9.2017	30.9.2016	RM'000	%	30.9.2017	30.9.2016	RM'000	%
<b>Non -Electronic Payment Segment</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	921	276	645	-	921	276	645	234
Gross Profit	116	(228)	344	151	116	(228)	344	151
Profit Before Interest and Tax	(756)	(736)	(20)	(3)	(756)	(736)	(20)	(3)
Profit Before Tax	(798)	(782)	(16)	(2)	(798)	(782)	(16)	(2)
Profit After Tax	(800)	(784)	(16)	(2)	(800)	(784)	(16)	(2)
Profit Attributable to Ordinary Equity Holders of the Company	(800)	(784)	(16)	(2)	(800)	(784)	(16)	(2)

Non-Electronic payment services segment recorded revenue of RM921k in current quarter, higher than RM276k in corresponding quarter in previous year, mainly due to contract sales in current quarter. The corresponding quarter in previous year has a gross loss position due to warranties claim by a customer resulted in loss of RM330k.

The loss before tax in current quarter amounting to RM798k. As compared to loss before tax of RM782k in corresponding quarter in previous year, there were no major variances although current quarter has gross profit was mainly due to higher forex losses as Malaysian currency strengthen against USD.

## **B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED WITH PRECEDING QUARTER**

	Current Quarter	Preceding Quarter	Changes	
	Ended 30.9.2017 RM'000	Ended 30.6.2017 RM'000	RM'000	%
<b>Group Results</b>				
Revenue	6,193	15,069	(8,876)	59
Gross Profit	4,236	2,697	1,539	57
Profit Before Interest and Tax	1,383	1,245	138	11
Profit Before Tax	1,341	1,206	135	11
Profit After Tax	1,176	644	532	83
Profit Attributable to Ordinary Equity Holders of the Company	905	708	197	28

The Group recorded revenue of RM6.19 million in current quarter, lower revenue as compared to RM15.07 million in previous quarter was mainly due to a major contract sales in Non-electronic payment services segment in previous quarter, compared to new sales of electronic payment solutions to overseas in this quarter. However, the gross profit margin achieved in current quarter of 68% were higher than previous quarter of 18%, due to sales of electronic payment software has

higher gross profit margin, compared to sales of hardware in Non-electronic payment services segment.

The Group achieved profit before tax of RM1.34 million in current quarter, consistent with previous quarter of RM1.21 million despite higher gross profit than previous quarter, was mainly due to share-based compensation expenses of RM1.59 million for the offering of share options to eligible employees in current quarter.

### **B3 FUTURE PROSPECTS**

The Group continue to pursue business ventures domestically and internationally to propel future growth despite the uncertain market condition.

Base on the technology collaboration agreement with XOX Wallet Sdn Bhd and technology partnership agreement with E-Do Business Technology Corporation for the provision of payment services for Alipay, WeChat Pay and Union Pay, together with the implementation of digital free-trade zone, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 June 2018.

### **B4 PROFIT FORECAST OR PROFIT GUARANTEE**

There is no profit forecast and profit guarantee provided by the Company.

### **B5 DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)**

	<b>As at 30.9.2017 Unaudited RM'000</b>	<b>As at 30.06.2017 Audited RM'000</b>
Total accumulated profit / (loss):		
- Realised Profit / (Loss)	2,336	1,444
- Unrealised Profit / (Loss)	117	104
Total accumulated profit/(losses) as per consolidated statement of financial position	<u>2,453</u>	<u>1,548</u>

**B6 PROFIT / (LOSS) BEFORE TAX**

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year	Current Year	Preceding Year
	Ended	Corresponding Quarter Ended	Todate Ended	Todate Ended
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of Property, plant and equipment	70	50	70	50
Amortisation of intangible assets	284	276	284	276
Interest expense	42	46	42	46
Foreign exchange loss	198	31	198	31
Interest income	(72)	(24)	(72)	(24)
Rental income	(50)	(39)	(50)	(39)
Share-based Compensation expenses	1,593	-	1,593	-

**B7 TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year	Current Year	Preceding Year
	Ended	Corresponding Quarter Ended	Todate Ended	Todate Ended
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	165	2	165	2
- Deferred taxation	-	-	-	-
Total	165	2	165	2

The Malaysian income tax is calculated at the statutory tax rate of 24% 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 mainly due to unabsorbed business loss brought forward.

## B8 STATUS OF CORPORATE PROPOSALS

### A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM RIGHT ISSUE WITH WARRANTS

Following the completion of Right Issue with Warrants on 16 June 2016, the following are the status of utilisation of the proceeds in the financial quarter under review:-

<b>Purpose</b>	<b>Original Proposed Utilisation (RM'000)</b>	<b>Revision</b>	<b>Revised Proposed Utilisation</b>	<b>Actual Utilisation (RM'000)</b>	<b>Deviation</b>	<b>Intended Timeframe for Utilisation</b>
Development of Electronic payment platform and solutions	10,000		10,000	5,365	-	Within 24 months
Expansion of existing business and acquisition of future business	12,778	3,036	15,814	12,850	-	Within 24 months
Repayment of existing bank borrowings	3,300	(3,036)	264	264	-	Within 6 months
Working Capital	4,200		4,200	4,019	-	Within 24 months
Corporate Exercise exp	1,000		1,000	1,000	-	Within 2 months
	<u>31,278</u>	<u>-</u>	<u>31,278</u>	<u>23,498</u>	<u>-</u>	

The Board has on 21<sup>st</sup> February 2017 approved the revision of the proceeds utilisation raised from the Company's Right Issue with Warrants.

### B) PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 500 MILLION NEW ORDINARY SHARES TO MACQUARIE BANK LIMITED

On 16 June 2017, the Company entered into a conditional subscription agreement with Macquarie Bank Limited ("Macquarie Bank") in relation to the proposed issuance and allotment of up to 500 million new ordinary shares in NetX to Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement ("Proposed Share Issuance")

Bursa Securities had, vide its letter dated 26 July 2017, resolved to approve the listing of up to 500,000,000 new NetX shares to be issued pursuant to the Proposed Share Issuance. The Proposed Share Issuance has been approved by the shareholders at the Extraordinary General Meeting held on 24 August 2017.

The Company had issued and allotted the following NetX Shares to Macquarie Bank at the issue price on the respective dates:

<u>Date</u>	<u>Issue Price (RM)</u>	<u>No. of NetX Shares</u>
20 Sept 2017	0.049	3,000,000
26 Sept 2017	0.049	10,000,000
9 Oct 2017	0.050	4,000,000
10 Oct 2017	0.050	7,000,000
12 Oct 2017	0.049	9,000,000
16 Oct 2017	0.049	40,000,000
17 Oct 2017	0.051	40,000,000
30 Oct 2017	0.049	25,000,000
16 Nov 2017	0.045	5,000,000
17 Nov 2017	0.045	5,000,000
20 Nov 2017	0.045	5,000,000
<b>Total</b>		<b>153,000,000</b>

#### **B9 GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.9.2017 Unaudited RM'000</b>	<b>As at 30.06.2017 Audited RM'000</b>
<b>Short term borrowing</b>		
Term loan - Secured	<u>311</u>	<u>307</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>2,481</u>	<u>2,557</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 5.34% per annum.

#### **B10 DIVIDEND PAYABLE**

No dividend was declared or paid in the current period under review.

## B11 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 Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Net profit/(loss) attributable to owners of the parent (RM)	<u>905,000</u>	<u>(1,174,000)</u>	<u>905,000</u>	<u>(1,174,000)</u>
Weighted average number of ordinary shares	<u>1,252,018,154</u>	<u>1,251,106,066</u>	<u>1,252,018,154</u>	<u>1,251,106,066</u>
Basic profit/(loss) per share (sen)	<u>0.07</u>	<u>(0.09)</u>	<u>0.07</u>	<u>(0.09)</u>

(b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 30 September 2017 together with the exercise price were higher than the market value of the ordinary shares. Accordingly, there was no assumed full conversion of the warrants into ordinary shares which could result in the dilution of the Company's earnings per share.

## B12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 June 2017 was not subject to any qualification.

## B13 AUTHORISATION FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors.