

## NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
REVENUE	4,188	1,228	10,381	1,611
COST OF SALES	(1,437)	(298)	(3,394)	(1,146)
GROSS PROFIT / (LOSS)	2,751	930	6,987	465
OTHER INCOME	129	327	361	429
ADMINISTRATION EXPENSES	(1,574)	(1,009)	(3,066)	(1,805)
OTHER OPERATING EXPENSES	(3,406)	-	(4,999)	-
PROFIT / (LOSS) FROM OPERATIONS	(2,100)	248	(717)	(911)
FINANCE COST	(41)	(40)	(83)	(86)
PROFIT / (LOSS) BEFORE TAX	(2,141)	208	(800)	(997)
INCOME TAX EXPENSES	-	(1)	(165)	(3)
NET PROFIT / (LOSS) FOR THE PERIOD	(2,141)	207	(965)	(1,000)
OTHER COMPREHENSIVE INCOME	(1,784)	-	(1,883)	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(3,925)	207	(2,848)	(1,000)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(1,717)	239	(812)	(935)
NON-CONTROLLING INTEREST	(424)	(32)	(153)	(65)
	(2,141)	207	(965)	(1,000)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(3,342)	239	(2,531)	(935)
NON-CONTROLLING INTEREST	(583)	(32)	(317)	(65)
	(3,925)	207	(2,848)	(1,000)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.10)	0.02	(0.06)	(0.07)

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 31 DECEMBER 2017**

	AS AT 31 Dec 2017 Unaudited RM'000	AS AT 30 June 2017 Audited RM'000
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Plant and Equipment	6,314	6,057
Intangible Assets	1,796	2,324
Other Investments	301	-
Marketable Securities	3,755	-
Deferred Tax Asset	117	117
Goodwill on Consolidation	693	693
	<u>12,976</u>	<u>9,191</u>
<b><u>CURRENT ASSETS</u></b>		
Inventories	1,025	333
Trade Receivables	12,695	8,755
Other Receivables, Deposits and Prepayment	17,183	3,415
Amount Owing by contract customers	3,905	13,690
Tax Recoverable	-	6
Fixed Deposits placed with Licensed Bank	3,112	4,009
Short Term Investment	20,225	2,702
Cash and Bank Balances	8,716	5,087
	<u>66,861</u>	<u>37,997</u>
<b>TOTAL ASSETS</b>	<u><u>79,837</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	61,399	26,844
Warrant Reserve	15,263	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(1,731)	(12)
Retained Profits	736	1,548
	<u>75,667</u>	<u>43,643</u>
Non-Controlling Interest	(445)	(128)
<b>TOTAL EQUITY</b>	<u>75,222</u>	<u>43,515</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	2,405	2,557
	<u>2,405</u>	<u>2,557</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	421	420
Other Payables and Accruals	137	251
Deferred Income	1,181	138
Short Term Borrowing (Mortgage)	316	307
Tax liabilities	155	-
	<u>2,210</u>	<u>1,116</u>
<b>TOTAL LIABILITIES</b>	4,615	3,673
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u><u>79,837</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 31 DECEMBER 2017

	←← NON - DISTRIBUTABLE RESERVE →→		← ATTRIBUTABLE TO OWNER OF THE PARENT →				←← DISTRIBUTABLE →→		NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE RESERVE 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		
Balance as at 1 July 2017	26,844	-	-	-	15,263	(12)	1,548	43,643	(128)	43,515
Total Comprehensive income for the financial period	-	-	-	-	-	(1,719)	(812)	(2,531)	(317)	(2,848)
Transactions with owners:										
Share Issuance	34,555	-	-	-	-	-	-	34,555	-	34,555
Share options granted under SIS	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>61,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,263</b>	<b>(1,731)</b>	<b>736</b>	<b>75,667</b>	<b>(445)</b>	<b>75,222</b>
<b>Balance as at 1 July 2016</b>	<b>62,555</b>	<b>-</b>	<b>-</b>	<b>1,822</b>	<b>15,263</b>	<b>-</b>	<b>(38,875)</b>	<b>40,765</b>	<b>(84)</b>	<b>40,681</b>
Net profit for the financial year representing total comprehensive income for the period	-	-	-	-	-	-	(935)	(935)	(65)	(1,000)
<b>Balance as at 31 December 2016</b>	<b>62,555</b>	<b>-</b>	<b>-</b>	<b>1,822</b>	<b>15,263</b>	<b>-</b>	<b>(39,810)</b>	<b>39,830</b>	<b>(149)</b>	<b>39,681</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 31 DECEMBER 2017**

	<b>CURRENT YEAR TO DATE 31/12/2017 RM'000</b>	<b>PRECEDING YEAR TO DATE 31/12/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(800)	(997)
Adjustment for:		
Depreciation of property, plant and equipment	123	104
Amortisation of intangible assets	570	551
Amortisation of deferred income	(354)	(53)
Share-based payment expenses accrued	2,524	-
Loss on disposal of investment	521	-
Loss on fair value revaluation on investment	1,954	-
Unrealised foreign exchange loss	21	(228)
Interest expense	83	86
Interest income	(151)	(123)
<b>Operating (loss)/profit before working capital changes</b>	<b>4,491</b>	<b>(660)</b>
Decrease / (Increase) in current assets	(5,715)	(13,850)
Increase / (Decrease) in current liabilities	(660)	(1,276)
<b>Cash Used in Operations</b>	<b>(1,884)</b>	<b>(15,786)</b>
Tax Refund / (Paid)	5	(3)
Interest paid	(83)	(86)
<b>Net Cash Used in Operations</b>	<b>(1,962)</b>	<b>(15,875)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	142	32
Invest to short-term investment	(17,523)	-
Purchase of property, plant and equipment	(379)	(36)
Acquisition of intangible assets	(49)	-
Withdrawal / (Placement) of fixed deposits (net)	896	-
Investment on quoted shares	(7,216)	-
Other Investment	(313)	-
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(24,442)</b>	<b>(4)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	32,030	-
Repayment of term loans	(143)	(140)
<b>Net Cash Used in Financing Activities</b>	<b>31,887</b>	<b>(140)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>5,483</b>	<b>(16,019)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>5,087</b>	<b>27,624</b>
<b>UNREALISED FOREIGN EXCHANGE GAIN</b>	<b>(1,854)</b>	<b>47</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>8,716</b>	<b>11,652</b>
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	8,716	958
Short Term Investment	20,225	858
Fixed deposit with licensed bank	3,112	9,836
	32,053	11,652
Less: Short term investment	(20,225)	-
Less: Deposits placed with licensed bank	(3,112)	-
	8,716	11,652

*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 31  
DECEMBER 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
Amendments to MFRS 3 & 11	Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 112	Income Tax : Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 123	Borrowing Cost : Annual Improvements to MFRSs 2015 - 2017 Cycle	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 31 December 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 31 December 2017 other than as disclosed below:

- 1) 389,736,350 ordinary shares were issued under Share Issuance Scheme Option:
- 2) 333,000,000 ordinary shares were issued under the Share Issuance subscribed by Macquarie Bank.

## **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 31.12.2017 RM'000	Ended 31.12.2016 RM'000	Ended 31.12.2017 RM'000	Ended 31.12.2016 RM'000
<b>Segment Revenue</b>				
Electronic Payment services	4,259	1,252	9,590	1,388
Non-Electronic Payment services	-	-	921	275
	<u>4,259</u>	<u>1,252</u>	<u>10,511</u>	<u>1,663</u>
Eliminations	(71)	(24)	(130)	(52)
Group revenue	<u>4,188</u>	<u>1,228</u>	<u>10,381</u>	<u>1,611</u>
<b>Segment Results</b>				
Electronic Payment services	2,143	744	5,875	321
Non-Electronic Payment services	(878)	(536)	(1,676)	(1,318)
	<u>1,265</u>	<u>208</u>	<u>4,199</u>	<u>(997)</u>
Other Operating Expenses	(3,406)	-	(4,999)	-
Profit before taxation	<u>(2,141)</u>	<u>208</u>	<u>(800)</u>	<u>(997)</u>
<b>Segment Assets</b>				
Electronic Payment services			13,678	7,233
Non-Electronic Payment services			66,042	39,838
			<u>79,720</u>	<u>47,071</u>
Deferred tax Assets			117	117
			<u>79,837</u>	<u>47,188</u>
<b>Segment Liabilities</b>				
Electronic Payment services			153	128
Non-Electronic Payment services			1,741	681
			<u>1,894</u>	<u>809</u>
Term Loans			2,721	2,864
			<u>4,615</u>	<u>3,673</u>

## **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 following:
  - 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.
- 4) 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.
- 5) On 3 November 2017, 302,981,800 share options were offered to eligible employees at an exercise price of option of RM0.048 each.
- 6) On 5 December 2017, Payallz has entered into a Licensing and Software Implementation and Support Agreement with Payallz International Limited for the licensing and provision of technological and software support for the latter’s supply of Allz Wallet platform to Vattanac Bank in Cambodia.



---

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

- 1) On 8 January 2018, 202,416,300 share options were offered to eligible employees at an exercise price of option of RM0.039 each.
- 2) On 17 January 2018, 96,724,900 share options were offered to eligible employees at an exercise price of option of RM0.04 each

**A13 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 31 December 2017 is as follows:

	RM'000
Approved and contracted for:	
Intangible Assets	493
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	
	31.12.2017	31.12.2016	RM'000	%	31.12.2017	31.12.2016	RM'000	%
Revenue	4,188	1,228	2,960	241	10,381	1,611	8,770	544
Gross Profit	2,751	930	1,821	196	6,987	465	6,522	1,403
Profit Before Interest and Tax	(2,100)	248	(2,348)	(947)	(717)	(911)	194	21
Profit Before Tax	(2,141)	208	(2,349)	(1,129)	(800)	(997)	197	20
Profit After Tax	(2,141)	207	(2,348)	(1,134)	(965)	(1,000)	35	4
Profit Attributable to Ordinary Equity Holders of the Company	(1,717)	239	(1,956)	(818)	(812)	(935)	123	13

For the current quarter ended 31 December 2017, the Group recorded revenue of RM4.19 million, higher as compared to RM1.23 million in the corresponding quarter in previous year. This was mainly due to higher revenue achieved in electronic payment services segment.

The Group recorded a loss before taxation for the current quarter of RM2.14 million, higher loss compared to profit before tax of RM208k in the corresponding quarter in previous year despite achieving higher revenue, mainly due to share-based compensation expenses of RM931k for the offering of share options to eligible employees, loss on disposal and loss on fair value adjustment on investment in Mlabs System Berhad totaling RM2.48 million in current quarter.

For the 6 months ended 31 December 2017, the Group recorded revenue of RM10.38 million, higher as compared to RM1.61 million in cumulative corresponding quarter in previous year. This was mainly due to higher revenue achieved in electronic payment services segment.

The current year-todate recorded a gross profit margin of 67%, as compared to preceding year-todate of 29%, the significant improvement in gross profit margin was due to a gross loss position in the first quarter of preceding year; as there were no sales of electronic payment solutions to cover the amortization of intangible assets and due to warranties claim by a customer resulted in loss of RM330k in the first quarter of preceding year.

The Group recorded a loss before taxation for the 6 months ended 31 December 2017 of RM0.8 million, slightly lower loss compared to loss before tax of RM0.997 million in cumulative corresponding quarter in previous year despite achieving higher revenue, mainly due to share-based compensation expenses of RM2.52 million for the offering of share options to eligible employees in current year, loss on disposal and loss on fair value adjustment on investment in Mlabs System Berhad totaling RM2.48 million in current year.

### Electronic Payment Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	31.12.2017	31.12.2016	RM'000	%	31.12.2017	31.12.2016	RM'000	%
Revenue	4,188	1,228	2,960	241	9,460	1,336	8,124	608
Gross Profit	2,751	930	1,821	196	6,871	694	6,177	890
Profit Before Interest and Tax	2,143	744	1,399	188	5,875	321	5,554	1,730
Profit Before Tax	2,143	744	1,399	188	5,875	321	5,554	1,730
Profit After Tax	2,143	744	1,399	188	5,712	321	5,391	1,679
Profit Attributable to Ordinary Equity Holders of the Company	2,567	776	1,791	231	5,865	386	5,479	1,419

For the current quarter and 6 months ended 31 December 2017, Electronic payment services segment achieved revenue of RM4.19 million and RM9.46 million respectively, higher than RM1.23 million in the corresponding quarter in previous year and RM1.34 million in cumulative corresponding quarter in previous year respectively, was mainly due to higher sales of electronic payment solutions to overseas.

The current year-todate recorded a gross profit margin of 73%, as compared to preceding year-todate of 52%, the improvement in gross profit margin was due to a gross loss position in the first quarter of preceding year; as there were no sales of electronic payment solutions to cover the amortization of intangible assets in the first quarter of preceding year.

This segment achieved profit before tax of RM2.14 million in current quarter and RM5.87 million for 6 months ended 31 December 2017, significantly improved compared to RM744k in the corresponding quarter in previous year and RM321k in cumulative corresponding quarter in previous year respectively, was mainly due to higher revenue achieved.

### Non-electronic Payment Services Segment

Non -Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	31.12.2017	31.12.2016	RM'000	%	31.12.2017	31.12.2016	RM'000	%
Revenue	-	-	-	-	921	275	646	235
Gross Profit	-	-	-	-	116	(229)	345	151
Profit Before Interest and Tax	(837)	(496)	(341)	(69)	(1,593)	(1,232)	(361)	(29)
Profit Before Tax	(878)	(536)	(342)	(64)	(1,676)	(1,318)	(358)	(27)
Profit After Tax	(878)	(537)	(341)	(64)	(1,678)	(1,321)	(357)	(27)
Profit Attributable to Ordinary Equity Holders of the Company	(878)	(537)	(341)	(64)	(1,678)	(1,321)	(357)	(27)

Non-Electronic payment services segment did not have revenue in current quarter, same as corresponding quarter in previous year. The cumulative corresponding quarter in previous year has a gross loss position due to warranties claim by a customer resulted in loss of RM330k.

### Non-electronic Payment Services Segment (continued)

The loss before tax for current quarter of RM878k and 6 months ended 31 December 2017 of RM1.68 million was higher than RM536k in the corresponding quarter in previous year and RM1.32 million in cumulative corresponding quarter in previous year respectively, despite slightly higher revenue achieved was mainly due to loss on forex in current year as Malaysian currency strengthen against USD, as compared to forex gain in previous year.

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

Group Results	Current Quarter	Preceding Quarter	Changes	
	Ended 31.12.2017 RM'000	Ended 31.9.2017 RM'000	RM'000	%
Revenue	4,188	6,193	(2,005)	32
Gross Profit	2,751	4,236	(1,485)	(35)
Profit Before Interest and Tax	(2,100)	1,383	(3,483)	(252)
Profit Before Tax	(2,141)	1,341	(3,482)	(260)
Profit After Tax	(2,141)	1,176	(3,317)	(282)
Profit Attributable to Ordinary Equity Holders of the Company	(1,717)	905	(2,622)	(290)

The Group recorded revenue of RM4.19 million in current quarter, lower revenue as compared to RM6.2 million in previous quarter was mainly due to lower revenue to overseas company in Electronic payment services segment and no revenue in Non-electronic payment services segment.

The Group recorded loss before tax of RM2.14 million in current quarter, higher loss as compared to profit before tax of RM1.34 million in previous quarter, mainly due to lower revenue achieved and loss on disposal and loss on fair value adjustment on investment in Mlabs System Berhad totaling RM2.48 million in current quarter.

### **B3 FUTURE PROSPECTS**

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

Based 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**

	As at 31.12.2017 Unaudited RM'000	As at 30.06.2017 Audited RM'000
Total accumulated profit / (loss):		
- Realised Profit / (Loss)	619	1,444
- Unrealised Profit / (Loss)	117	104
Total accumulated profit/(losses) as per consolidated statement of financial position	<u>736</u>	<u>1,548</u>

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31.12.2017 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2016 RM'000	Current Year Todate Ended 31.12.2017 RM'000	Preceding Year Todate Ended 31.12.2016 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	53	54	123	104
Amortisation of intangible assets	286	275	570	551
Interest expense	41	40	83	86
Foreign exchange (gain) / loss	(48)	(189)	150	(220)
Interest income	(79)	(99)	(151)	(123)
Rental income	(51)	(39)	(101)	(78)
FV (Gain)/Loss on Investment	1,954	-	1,954	-
(Gain) / Loss on disposal of Investment	521	-	521	-
Share-based Compensation expenses	931	-	2,524	-

## B7 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	1	165	3
- Deferred taxation	-	-	-	-
Total	-	1	165	3

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 higher than the statutory tax rate mainly due to certain expenses not tax allowable.

## 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:-

Purpose	Original Proposed Utilisation (RM'000)	Revised Proposed Utilisation	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation	
Development of Electronic payment platform and solutions	10,000		10,000	6,168	3,832	Within 24 months
Expansion of existing business and acquisition of future business	12,778	3,036	15,814	14,950	864	Within 24 months
Repayment of existing bank borrowings	3,300	(3,036)	264	264	-	Within 6 months
Working Capital	4,200		4,200	4,200	-	Within 24 months
Corporate Exercise exp	1,000		1,000	1,000	-	Within 2 months
	31,278	-	31,278	26,582	4,696	

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 Shares Issuance was completed on 19 January 2018. The 500 million Subscription Shares under the Share Issuance have fully subscribed by Macquarie Bank raising RM21,103,000.00 for the Company.

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

	<b>As at 31.12.2017 Unaudited RM'000</b>	<b>As at 30.06.2017 Audited RM'000</b>
<b>Short term borrowing</b>		
Term loan - Secured	<u>316</u>	<u>307</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>2,405</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 Totodate Ended	Preceding Year Totodate Ended
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net profit/(loss) attributable to owners of the parent (RM)	(1,717,000)	239,000	(812,000)	(935,000)
Weighted average number of ordinary shares	1,671,750,227	1,251,106,066	1,469,112,966	1,251,106,066
Basic profit/(loss) per share (sen)	(0.10)	0.02	(0.06)	(0.07)

### (b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 31 December 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.