

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
REVENUE	3,703	2,622	14,084	4,233
COST OF SALES	(2,889)	(395)	(6,283)	(1,541)
GROSS PROFIT / (LOSS)	814	2,227	7,801	2,692
OTHER INCOME	202	(94)	563	335
ADMINISTRATION EXPENSES	(4,958)	(824)	(8,024)	(2,629)
OTHER OPERATING EXPENSES	(2,754)	-	(7,753)	-
PROFIT / (LOSS) FROM OPERATIONS	(6,696)	1,309	(7,413)	398
FINANCE COST	(40)	(40)	(123)	(126)
PROFIT / (LOSS) BEFORE TAX	(6,736)	1,269	(7,536)	272
INCOME TAX EXPENSES	(2)	(2)	(167)	(5)
NET PROFIT / (LOSS) FOR THE PERIOD	(6,738)	1,267	(7,703)	267
OTHER COMPREHENSIVE INCOME	1,532	-	(351)	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(5,206)	1,267	(8,054)	267
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(6,040)	1,305	(6,852)	370
NON-CONTROLLING INTEREST	(698)	(38)	(851)	(103)
	(6,738)	1,267	(7,703)	267
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(4,684)	1,305	(7,215)	332
NON-CONTROLLING INTEREST	(522)	(38)	(839)	(65)
	(5,206)	1,267	(8,054)	267
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.29)	0.02	(0.39)	(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 MARCH 2018**

	AS AT 31 March 2018 Unaudited RM'000	AS AT 30 June 2017 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	6,407	6,057
Intangible Assets	11,796	2,324
Other Investments	287	-
Marketable Securities	2,826	-
Deferred Tax Asset	117	117
Goodwill on Consolidation	693	693
	<u>22,126</u>	<u>9,191</u>
<u>CURRENT ASSETS</u>		
Inventories	300	333
Trade Receivables	16,449	8,755
Other Receivables, Deposits and Prepayment	9,386	3,415
Amount Owing by contract customers	2,727	13,690
Tax Recoverable	-	6
Fixed Deposits placed with Licensed Bank	3,112	4,009
Short Term Investment	19,204	2,702
Cash and Bank Balances	21,822	5,087
	<u>73,000</u>	<u>37,997</u>
TOTAL ASSETS	<u><u>95,126</u></u>	<u><u>47,188</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	81,384	26,844
Warrant Reserve	15,263	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(375)	(12)
Retained Profits	(5,304)	1,548
	<u>90,968</u>	<u>43,643</u>
Non-Controlling Interest	(967)	(128)
TOTAL EQUITY	<u><u>90,001</u></u>	<u><u>43,515</u></u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing (Mortgage)	2,327	2,557
	<u>2,327</u>	<u>2,557</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	1,328	420
Other Payables and Accruals	193	251
Deferred Income	809	138
Short Term Borrowing (Mortgage)	320	307
Tax liabilities	148	-
	<u>2,798</u>	<u>1,116</u>
TOTAL LIABILITIES	<u>5,125</u>	<u>3,673</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>95,126</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	ATTRIBUTABLE TO OWNER OF THE PARENT							NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	←	←	←	←	←	←	←		
	NON - DISTRIBUTABLE RESERVE -	SHARE OPTION RESERVE	SHARE PREMIUM	WARRANT RESERVE	FOREIGN EXCHANGE RESERVE	ACCUMULATED LOSSES	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(363)	(6,852)	(7,215)	(839)	(8,054)
Transactions with owners:									
Share Issuance	54,540	(4,266)	-	-	-	-	50,274	-	50,274
Share options granted under SIS	-	4,266	-	-	-	-	4,266	-	4,266
Balance as at 31 March 2018	81,384	-	-	15,263	(375)	(5,304)	90,968	(967)	90,001
Balance as at 1 July 2016	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	-	-	-	-	-	371	371	(103)	268
Transactions with owners:									
Par Value reduction	(37,533)	-	-	-	-	37,533	-	-	-
Balance as at 31 March 2017	25,022	-	1,822	15,263	-	(971)	41,136	(187)	40,949

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 MARCH 2018**

	CURRENT YEAR TO DATE 31/03/2018 RM'000	PRECEDING YEAR TO DATE 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(7,536)	272
Adjustment for:		
Depreciation of property, plant and equipment	201	158
Amortisation of intangible assets	1,428	830
Amortisation of deferred income	(746)	(87)
Impairment loss of receivable	43	-
Share-based payment expenses accrued	4,266	-
Property, plant and equipment written off	19	-
(Gain)/Loss on disposal of investment	(882)	-
Loss on fair value revaluation on investment	4,306	-
Unrealised foreign exchange loss	3,233	(155)
Interest expense	123	126
Interest income	(303)	(211)
Operating (loss)/profit before working capital changes	4,152	933
Decrease / (Increase) in current assets	(101)	(15,832)
Increase / (Decrease) in current liabilities	137	(1,150)
Cash Used in Operations	4,188	(16,049)
Tax Refund / (Paid)	(4)	(5)
Interest paid	(123)	(126)
Net Cash Used in Operations	4,061	(16,180)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	265	164
Invest to short-term investment (net)	(18,376)	-
Purchase of property, plant and equipment	(570)	(77)
Acquisition of intangible assets	(11,406)	(105)
Withdrawal / (Placement) of fixed deposits (net)	896	-
Investment on quoted shares	(7,215)	-
Other Investment	(287)	-
Net Cash From/(Used in) Investing Activities	(36,693)	(18)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	50,274	-
Repayment of term loans	(216)	(214)
Net Cash Used in Financing Activities	50,058	(214)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,426	(16,412)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	5,087	27,624
UNREALISED FOREIGN EXCHANGE LOSS	(691)	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	21,822	11,212
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	21,822	3,133
Short Term Investment	19,204	4,369
Fixed deposit with licensed bank	3,112	3,710
	44,138	11,212
Less: Short term investment	(19,204)	-
Less: Deposits placed with licensed bank	(3,112)	-
	21,822	11,212

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.

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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.

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective Date</u>
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:

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective Date</u>
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

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective Date</u>
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 March 2018.

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 March 2018 other than as disclosed below:

- 1) 688,877,550 ordinary shares were issued under Share Issuance Scheme
- 2) 500,000,000 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 31.3.2018 RM'000	Ended 31.3.2017 RM'000	Ended 31.3.2018 RM'000	Ended 31.3.2017 RM'000
Segment Revenue				
Electronic Payment services	2,827	2,316	12,417	3,910
Non-Electronic Payment services	960	330	1,881	399
	<u>3,787</u>	<u>2,646</u>	<u>14,298</u>	<u>4,309</u>
Eliminations	(84)	(24)	(214)	(76)
Group revenue	<u>3,703</u>	<u>2,622</u>	<u>14,084</u>	<u>4,233</u>
Segment Results				
Electronic Payment services	(206)	1,631	5,669	2,035
Non-Electronic Payment services	(3,839)	(362)	(5,515)	(1,763)
	<u>(4,045)</u>	<u>1,269</u>	<u>154</u>	<u>272</u>
Other Operating Expenses	(2,691)	-	(7,690)	-
Profit before taxation	<u>(6,736)</u>	<u>1,269</u>	<u>(7,536)</u>	<u>272</u>
Segment Assets				
Electronic Payment services			27,972	7,233
Non-Electronic Payment services			67,037	39,838
			<u>95,009</u>	<u>47,071</u>
Deferred tax Assets			117	117
			<u>95,126</u>	<u>47,188</u>
Segment Liabilities				
Electronic Payment services			1,730	128
Non-Electronic Payment services			748	681
			<u>2,478</u>	<u>809</u>
Term Loans			2,647	2,864
			<u>5,125</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.

- 7) On 8 January 2018, 202,416,300 share options were offered to eligible employees at an exercise price of option of RM0.039 each.
- 8) On 17 January 2018, 96,724,900 share options were offered to eligible employees at an exercise price of option of RM0.04 each.
- 9) On 19 January 2018, 500 million Subscription Shares under the Share Issuance have fully subscribed by Macquarie Bank raising RM21,103,000.00 for the Company.
- 10) On 15 March 2018, The Company propose to undertake the private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company to third party investor(s). This private placement has been completed on 20 April 2018 following the listing and quotation of 243,998,000 placement shares at RM0.0271 per placement shares on the Ace Market of Bursa Securities.

A12 CAPITAL COMMITMENTS

The amount of commitments not provided for as at 31 March 2018 is as follows:

	RM'000
Approved and contracted for:	
Intangible Assets	508
Subscription of 51% equity interest in FOM	<u>1,904</u>

A13 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	
	31.3.2018	31.3.2017	RM'000	%	31.3.2018	31.3.2017	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	3,703	2,622	1,081	41	14,084	4,233	9,851	233
Gross Profit	814	2,227	(1,413)	(63)	7,801	2,692	5,109	190
Profit Before Interest and Tax	(6,696)	1,309	(8,005)	(612)	(7,413)	398	(7,811)	(1,963)
Profit Before Tax	(6,736)	1,269	(8,005)	(631)	(7,536)	272	(7,808)	(2,871)
Profit After Tax	(6,738)	1,267	(8,005)	(632)	(7,703)	267	(7,970)	(2,985)
Profit Attributable to Ordinary Equity Holders of the Company	(6,040)	1,305	(7,345)	(563)	(6,852)	370	(7,222)	(1,952)

For the current quarter ended 31 March 2018, the Group recorded revenue of RM3.7 million, higher as compared to RM2.62 million in the corresponding quarter in previous year. This was mainly due to progress billings of the contract secured in previous year in non-electronic payment services segment, while maintaining its revenue in electronic payment service segment.

The gross profit margin reduced from 85% in the corresponding quarter in previous year to 22% in current quarter due to higher amortization with the new intangibles assets, namely AllzWallet and higher implementation cost for sales of AllzWallet in electronic payment services.

The Group recorded a loss before taxation for the current quarter of RM6.74 million, higher loss compared to profit before tax of RM1.27 million in the corresponding quarter in previous year despite achieving higher revenue, mainly due to share-based compensation expenses of RM1.74 million for the offering of share options to eligible employees, loss on fair value adjustment on investment in Mlabs System Berhad totaling RM961k and lower gross profit margin as mentioned in previous paragraph.

For the 9 months ended 31 March 2018, the Group recorded revenue of RM14.08 million, higher as compared to RM4.23 million in cumulative corresponding quarter in previous year. This was mainly due to higher revenue achieved in electronic payment services segment. The gross profit margin has reduced slightly from 64% in previous year to 55% in current year to-date due to higher amortization with the new intangibles assets, namely AllzWallet and higher implementation cost for sales of AllzWallet in electronic payment services.

The Group recorded a loss before taxation for the 9 months ended 31 March 2018 of RM7.5 million, higher loss compared to profit before tax of RM0.27 million in cumulative corresponding quarter in previous year despite achieving higher revenue, mainly due to share-based compensation expenses of RM4.27 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 RM3.43 million, higher marketing and administration expenses which is in line with higher revenue, and loss on forex of RM3.44 million in current year to-date as Malaysian currency strengthen against USD, as compared to forex gain of RM147k in preceding year-to-date.

Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 31.3.2018 RM'000	Ended 31.3.2017 RM'000	Changes		Ended 31.3.2018 RM'000	Ended 31.3.2017 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	2,743	2,291	452	20	12,203	3,834	8,369	218
Gross Profit	574	1,991	(1,417)	(71)	7,445	2,767	4,678	169
Profit Before Interest and Tax	(206)	1,631	(1,837)	(113)	5,669	2,035	3,634	179
Profit Before Tax	(206)	1,631	(1,837)	(113)	5,669	2,035	3,634	179
Profit After Tax	(206)	1,631	(1,837)	(113)	5,505	2,035	3,470	171
Profit Attributable to Ordinary Equity Holders of the Company	492	1,669	(1,177)	(71)	6,356	2,138	4,218	197

For the current quarter and 9 months ended 31 March 2018, Electronic payment services segment achieved revenue of RM2.74 million and RM12.2 million respectively, higher than RM2.3 million in the corresponding quarter in previous year and RM3.83 million in cumulative corresponding quarter in previous year respectively, was mainly due to higher sales of electronic payment solutions to overseas.

The segment reported loss before tax of RM206k in current quarter. The gross profit margin reduced from 87% in the corresponding quarter in previous year to 21% in current quarter due to higher amortization with the new intangibles assets, namely AllzWallet and higher implementation cost for sales of AllzWallet. As compared to profit before tax of RM1.6 million in corresponding quarter in previous year, the segment has higher loss mainly due to lower gross profit margin as mentioned above and higher marketing and administrative expenses.

For the 9 months ended 31 March 2018, the gross profit margin has reduced from 72% in preceding year-to-date to 61% in current year to-date due to higher amortization with the new intangibles assets, namely AllzWallet and higher implementation cost for sales of AllzWallet in current year. This segment reported profit before tax of RM5.67 million for current year to-date, significantly improved compared to RM2.04 million in cumulative corresponding quarter in previous year was mainly due to higher revenue achieved.

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 31.3.2018 RM'000	Ended 31.3.2017 RM'000	Changes		Ended 31.3.2018 RM'000	Ended 31.3.2017 RM'000	Changes	
Non -Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	960	330	630	-	1,881	399	1,482	371
Gross Profit	240	235	5	-	356	(75)	431	575
Profit Before Interest and Tax	(3,799)	(322)	(3,477)	(1,080)	(5,392)	(1,637)	(3,755)	(229)
Profit Before Tax	(3,839)	(361)	(3,478)	(963)	(5,515)	(1,763)	(3,752)	(213)
Profit After Tax	(3,841)	(364)	(3,477)	(955)	(5,518)	(1,768)	(3,750)	(212)
Profit Attributable to Ordinary Equity Holders of the Company	(3,841)	(364)	(3,477)	(955)	(5,518)	(1,768)	(3,750)	(212)

Non-electronic Payment Services Segment (continued)

The revenue in non-Electronic payment services segment are mainly the progress billings of the contract secured 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.

The loss before tax for current quarter of RM3.84 million and 9 months ended 31 March 2018 of RM5.5 million was higher than RM361k in the corresponding quarter in previous year and RM1.76 million in cumulative corresponding quarter in previous year respectively, despite 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

	Current Quarter	Preceding Quarter		
	Ended 31.3.2018 RM'000	Ended 31.12.2017 RM'000	Changes	
Group Results			RM'000	%
Revenue	3,703	4,188	(485)	12
Gross Profit	814	2,751	(1,937)	(70)
Profit Before Interest and Tax	(6,696)	(2,100)	(4,596)	(219)
Profit Before Tax	(6,736)	(2,141)	(4,595)	(215)
Profit After Tax	(6,738)	(2,141)	(4,597)	(215)
Profit Attributable to Ordinary Equity Holders of the Company	(6,040)	(1,717)	(4,323)	(252)

The Group recorded revenue of RM3.7 million in current quarter, lower revenue as compared to RM4.2 million in previous quarter was mainly due to lower revenue to overseas company in Electronic payment services segment.

The Group recorded loss before tax of RM6.74 million in current quarter, higher loss as compared to RM2.14 million in previous quarter, mainly due to lower revenue achieved and loss on forex of RM3.28 million as Malaysian currency strengthen against USD.

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, 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 31.3.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
Total accumulated profit / (loss):		
- Realised Profit / (Loss)	(5,421)	1,444
- Unrealised Profit / (Loss)	117	104
Total accumulated profit/(losses) as per consolidated statement of financial position	<u>(5,304)</u>	<u>1,548</u>

B6 PROFIT / (LOSS) BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Totale Ended	Preceding Year Totale Ended
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	78	54	201	158
Amortisation of intangible assets	858	279	1,428	830
Property, plant and equipment written off	19	-	19	-
Interest expense	40	40	123	126
Foreign exchange (gain) / loss	3,285	73	3,435	(147)
Interest income	(152)	(88)	(303)	(211)
Rental income	(50)	(47)	(151)	(125)
FV (Gain)/Loss on Investment	928	-	4,306	-
(Gain) / Loss on disposal of Investment	21	-	(882)	-
Share-based Compensation expenses	1,742	-	4,266	-
Allowance for doubtful debts	43	-	43	-

B7 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31.3.2018 RM'000	Preceding Year Corresponding Quarter Ended 31.3.2017 RM'000	Current Year To date Ended 31.3.2018 RM'000	Preceding Year To date Ended 31.3.2017 RM'000
Current period				
- Income taxation	2	2	167	5
- Deferred taxation	-	-	-	-
Total	<u>2</u>	<u>2</u>	<u>167</u>	<u>5</u>

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)	Revision	Revised Proposed Utilisation	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation
Development of Electronic payment platform and solutions	10,000		10,000	6,805	3,195	Within 24 months
Expansion of existing business and acquisition of future business	12,778	3,036	15,814	15,814	-	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
	<u>31,278</u>	<u>-</u>	<u>31,278</u>	<u>28,083</u>	<u>3,195</u>	

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

B) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE 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.

Purpose	Proposed Utilisation	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation
Development and marketing of MPEX System	20,000	11,515	8,485	Within 24 months
Working Capital	323	-	323	Within 24 months
Corporate Exercise exp	780	780	-	Within 2 months
	<u>21,103</u>	<u>12,295</u>	<u>8,808</u>	

C) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 15 March 2018, The Company propose to undertake the private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company to third party investor(s). The Bursa Securities has via its letter dated 22 March 2018, approved the listing and quotation of up to 243,998,000 placement shares to be issued. The Board has on 13 April 2018 fixed the issue price of the placement shares at RM0.0271 per placement share. The private placement has been completed on 20 April 2018 following the listing and quotation of 243,998,000 placement shares at RM0.0271 per placement shares on the Ace Market of Bursa Securities.

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 31.3.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>320</u>	<u>307</u>
Long term borrowing		
Term loan - Secured	<u>2,327</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 31.3.2018	Preceding Year Corresponding Quarter Ended 31.3.2017	Current Year ToDate Ended 31.3.2018	Preceding Year ToDate Ended 31.3.2017
Net profit/(loss) attributable to owners of the parent (RM)	<u>(6,040,000)</u>	<u>1,305,000</u>	<u>(6,852,000)</u>	<u>370,000</u>
Weighted average number of ordinary shares	<u>2,082,666,566</u>	<u>1,251,106,066</u>	<u>1,770,974,213</u>	<u>1,251,106,066</u>
Basic profit/(loss) per share (sen)	<u>(0.29)</u>	<u>0.10</u>	<u>(0.39)</u>	<u>0.03</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 31 March 2018 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.