

## NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30/06/2018 RM'000	30/06/2017 RM'000	30/06/2018 RM'000	30/06/2017 RM'000
REVENUE	3,483	15,069	17,567	19,302
COST OF SALES	(5,516)	(12,370)	(11,799)	(13,913)
GROSS PROFIT / (LOSS)	(2,033)	2,699	5,768	5,389
OTHER INCOME	779	212	1,343	574
ADMINISTRATION EXPENSES	(1,682)	(1,608)	(9,687)	(4,180)
OTHER OPERATING EXPENSES	(812)	(58)	(8,585)	(140)
PROFIT / (LOSS) FROM OPERATIONS	(3,748)	1,245	(11,161)	1,643
FINANCE COST	(39)	(39)	(162)	(165)
PROFIT / (LOSS) BEFORE TAX	(3,787)	1,206	(11,323)	1,478
INCOME TAX EXPENSES	34	(561)	(132)	(566)
NET PROFIT / (LOSS) FOR THE PERIOD	(3,753)	645	(11,455)	912
OTHER COMPREHENSIVE INCOME	209	(12)	(142)	(12)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(3,544)	633	(11,597)	900
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(3,409)	709	(10,261)	1,078
NON-CONTROLLING INTEREST	(344)	(64)	(1,194)	(166)
	(3,753)	645	(11,455)	912
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(3,177)	736	(10,391)	1,068
NON-CONTROLLING INTEREST	(367)	(103)	(1,206)	(168)
	(3,544)	633	(11,597)	900
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.15)	0.06	(0.52)	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 JUNE 2018

	AS AT 30 June 2018 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	6,402	6,057
Intangible Assets	11,671	2,324
Other Investments	300	-
Marketable Securities	3,846	-
Deferred Tax Asset	-	117
Goodwill on Consolidation	-	693
	22,219	9,191
<b><u>CURRENT ASSETS</u></b>		
Inventories	42	333
Trade Receivables	18,072	8,755
Other Receivables, Deposits and Prepayment	10,231	3,415
Amount Owing by contract customers	1,967	13,690
Tax Recoverable	-	6
Fixed Deposits placed with Licensed Bank	3,169	4,009
Short Term Investment	1,005	2,702
Cash and Bank Balances	39,257	5,087
	73,743	37,997
<b>TOTAL ASSETS</b>	<b>95,962</b>	<b>47,188</b>
<b><u>EQUITIES AND LIABILITIES</u></b>		
<b><u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u></b>		
Share Capital	87,035	26,844
Warrant Reserve	15,263	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(142)	(12)
Retained Profits	(8,713)	1,548
	93,443	43,643
Non-Controlling Interest	(1,334)	(128)
<b>TOTAL EQUITY</b>	<b>92,109</b>	<b>43,515</b>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	2,248	2,557
	2,248	2,557
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	420	420
Other Payables and Accruals	356	251
Deferred Income	504	138
Short Term Borrowing (Mortgage)	325	307
Tax liabilities	-	-
	1,605	1,116
<b>TOTAL LIABILITIES</b>	<b>3,853</b>	<b>3,673</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>95,962</b>	<b>47,188</b>
Net Assets per share attributable to owners of the Company (RM)	0.03	0.03

*The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 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 JUNE 2018

	← 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	-	-	-	-	-	(130)	(10,261)	(10,391)	(1,206)	(11,597)
Transactions with owners:										
Share Issuance	61,152	(4,266)	-	-	-	-	-	56,886	-	56,886
Share options granted under SIS	-	4,266	-	-	-	-	-	4,266	-	4,266
Share issuance expenses	(961)	-	-	-	-	-	-	(961)	-	(961)
<b>Balance as at 30 June 2018</b>	<b>87,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,263</b>	<b>(142)</b>	<b>(8,713)</b>	<b>93,443</b>	<b>(1,334)</b>	<b>92,109</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	-	-	-	-	-	(12)	1,079	1,067	(168)	899
Transactions with owners:										
Par Value reduction	(37,533)	-	-	-	-	-	37,533	-	-	-
Effect from adoption of Company Act 2016	1,822	-	-	(1,822)	-	-	-	-	-	-
Change of stake in subsidiary	-	-	-	-	-	-	1,811	1,811	124	1,935
<b>Balance as at 30 June 2017</b>	<b>26,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,263</b>	<b>(12)</b>	<b>1,548</b>	<b>43,643</b>	<b>(128)</b>	<b>43,515</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 JUNE 2018

	CURRENT YEAR TO DATE 30/06/2018 RM'000	PRECEDING YEAR TO DATE 30/06/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(11,323)	1,478
Adjustment for:		
Depreciation of property, plant and equipment	285	217
Amortisation of intangible assets	2,087	1,126
Amortisation of deferred income	(1,518)	(153)
Impairment loss of receivable	466	38
Provision for warranty	-	-
Inventories written off	-	143
Bad debts written off	-	-
Impairment loss on goodwill	693	-
Share-based payment expenses accrued	4,266	-
Property, plant and equipment written off	25	1
(Gain)/Loss on disposal of investment	(840)	-
Loss on fair value revaluation on investment	3,955	-
Unrealised foreign exchange loss	1,529	15
Interest expense	162	165
Interest income	(1,037)	(282)
<b>Operating (loss)/profit before working capital changes</b>	<b>(1,250)</b>	<b>2,748</b>
Decrease / (Increase) in current assets	(3,373)	(18,985)
Increase / (Decrease) in current liabilities	109	164
<b>Cash Used in Operations</b>	<b>(4,514)</b>	<b>(16,073)</b>
Tax Refund / (Paid)	(9)	(6)
Interest paid	(162)	(165)
Warranty paid	-	(1,169)
<b>Net Cash Used in Operations</b>	<b>(4,685)</b>	<b>(17,413)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,028	282
Withdraw/ (Invest) to short-term investment (net)	1,697	-
Purchase of property, plant and equipment	(654)	(93)
Acquisition of intangible assets	(11,449)	(235)
Withdrawal / (Placement) of fixed deposits (net)	839	-
Investment on quoted shares	(8,230)	-
Proceeds from disposal of investment	1,043	-
Other Investment	(319)	-
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(16,045)</b>	<b>(46)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	56,886	-
Payment for expenses for issuance of shares	(961)	-
Placement of deposits with licensed bank	-	(4,009)
Placement of short-term investment	-	(2,702)
Non-controlling interests investment in a subsidiary	-	1,934
Repayment of term loans	(290)	(288)
<b>Net Cash Used in Financing Activities</b>	<b>55,635</b>	<b>(5,065)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>34,905</b>	<b>(22,524)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>5,087</b>	<b>27,624</b>
<b>EFFECT ON FOREIGN CURRENCY TRANSLATION</b>	<b>(735)</b>	<b>(13)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>39,257</b>	<b>5,087</b>
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	39,257	5,087
Short Term Investment	1,005	2,702
Fixed deposit with licensed bank	3,169	4,009
	43,431	11,798
Less: Short term investment	(1,005)	(2,702)
Less: Deposits placed with licensed bank	(3,169)	(4,009)
	39,257	5,087

*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 JUNE  
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.

<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	Business Combinations and Joint Arrangements : 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
Amendments to MFRS 2	Share-Based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendment to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendment to MFRS 101	Presentation of Financial Reporting	1 January 2020
Amendment to MFRS 108	Accounting Policies, Change in Accounting Estimates and Errors	1 January 2020
Amendment to MFRS 134	Interim Financial Reporting	1 January 2020
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138	Intangible Assets	1 January 2020
Amendment to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132	Intangible Assets – Web Site Costs	1 January 2020
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 year ended 30 June 2018.

### **A4 CHANGES IN ESTIMATES**

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

### **A5 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 30 June 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.
- 3) 243,998,000 ordinary shares were issued under Private Placement to third party investors.

### **A6 DIVIDENDS PAID**

No dividends were paid during the financial year 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 30.6.2018 RM'000	Ended 30.6.2017 RM'000	Ended 30.6.2018 RM'000	Ended 30.6.2017 RM'000
<b>Segment Revenue</b>				
Electronic Payment services	2,782	184	15,199	3,887
Non-Electronic Payment services	2,709	14,944	4,590	15,550
	5,491	15,128	19,789	19,437
Eliminations	(2,008)	(59)	(2,222)	(135)
Group revenue	3,483	15,069	17,567	19,302
<b>Segment Results</b>				
Electronic Payment services	(2,157)	(1,072)	3,511	880
Non-Electronic Payment services	(1,246)	2,278	(6,760)	598
	(3,403)	1,206	(3,249)	1,478
Other Operating Expenses	(384)	-	(8,074)	-
Profit before taxation	(3,787)	1,206	(11,323)	1,478
<b>Segment Assets</b>				
Electronic Payment services			35,192	7,233
Non-Electronic Payment services			60,770	39,838
			95,962	47,071
Deferred tax Assets			-	117
			95,962	47,188
<b>Segment Liabilities</b>				
Electronic Payment services			532	128
Non-Electronic Payment services			748	681
			1,280	809
Term Loans			2,573	2,864
			3,853	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 year under review except for the following:

On 20 June 2018, a 90% owned subsidiary, First United technology Limited has incorporated Fujian First United technology Co., Ltd (“FFUTL”), a company incorporated in Fujian, China, with registered capital of USD8,888,880 (equivalent to RM35,968,853 at the exchange rate of USD1 : RM4.0465). The registered capital is required to be paid up within 30 years from its date of incorporation. To date, no capital has been paid up. FFUTL is currently a dormant company and its intended principal activities are software development, ecommerce and warehousing activities, and provision of marketing, supply chain management, import and export services.

#### **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.
- 11) On 20 June 2018, a 90% owned subsidiary, First United Technology Limited has incorporated Fujian First United Technology Co., Ltd ("FFUTL"), a company incorporated in Fujian, China, with registered capital of USD8,888,880 (equivalent to RM35,968,853 at the exchange rate of USD1: RM4.0465). The registered capital is required to be paid up within 30 years from its date of incorporation. Todate, no capital has been paid up.

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

- 1) On 2 July 2018, 116,316,900 share options were offered to eligible employees at an exercise price of option of RM0.0225 each.

#### **A13 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 30 June 2018 is as follows:

Approved and contracted for:	USD'000	CNY'000	RM'000
Intangible Assets	600	-	635
Subscription of 51% equity interest in FOM	-	3,000	-
Registered share capital of FFUTL to be paid up by year 2048	8,889	-	-

#### **A14 RELATED PARTY TRANSACTIONS**

There were no significant transactions with related parties during the financial year 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	
	30.6.2018	30.6.2017	RM'000	%	30.6.2018	30.6.2017	RM'000	%
Revenue	3,483	15,069	(11,586)	77	17,567	19,302	(1,735)	(9)
Gross Profit	(2,033)	2,699	(4,732)	(175)	5,768	5,389	379	7
Profit Before Interest and Tax	(3,748)	1,245	(4,993)	(401)	(11,161)	1,643	(12,804)	(779)
Profit Before Tax	(3,787)	1,206	(4,993)	(414)	(11,323)	1,478	(12,801)	(866)
Profit After Tax	(3,753)	645	(4,398)	(682)	(11,455)	912	(12,367)	(1,356)
Profit Attributable to Ordinary Equity Holders of the Company	(3,409)	709	(4,118)	(581)	(10,261)	1,078	(11,339)	(1,052)

For the current quarter ended 30 June 2018, the Group recorded revenue of RM3.48 million, lower as compared to RM15.07 million in the corresponding quarter in previous year. This was mainly due to lower progress billings in current quarter as compared to previous year in non-electronic payment services segment.

Current quarter has gross loss position mainly due to higher actual cost than initial projected cost on the contract under Non-Electronic Payment Services segment.

The Group recorded a loss before taxation for the current quarter of RM3.79 million, higher loss compared to profit before tax of RM1.21 million in the corresponding quarter in previous year mainly due to gross loss position as explained above, and also due to increased marketing and promotion expenses and impairment of goodwill of RM0.69 million. However, the higher loss was cushioned by gain on foreign exchange of RM1.76 million in current quarter.

For the year ended 30 June 2018, the Group recorded revenue of RM17.57 million, lower as compared to RM19.30 million in previous year mainly due to lower revenue from non-electronic payment services segment. However, the lower revenue was mitigated by higher revenue achieved in electronic payment services segment. The gross profit margin has improved slightly from 28% in previous year to 33% in current year mainly due to higher gross profit margin in sales of software in electronic payment services segment as compared to contract secured in non-electronic payment services segment last year.

The Group recorded a loss before taxation for the year ended 30 June 2018 of RM11.32 million, higher loss compared to profit before tax of RM1.48 million in previous year, 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 fair value adjustment on investment in Mlabs System Berhad totaling RM3.96 million, impairment of goodwill of RM0.69 million, increased marketing and promotion expenses by RM2.78 million, and loss on foreign exchange of RM1.67 million in current year as Ringgit Malaysia strengthen against USD.

### Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.6.2018 RM'000	Ended 30.6.2017 RM'000	Changes		Ended 30.6.2018 RM'000	Ended 30.6.2017 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	774	125	649	519	12,977	3,752	9,225	246
Gross Profit	82	(813)	895	110	7,527	1,870	5,657	303
Profit Before Interest and Tax	(2,157)	(1,072)	(1,085)	(101)	3,511	880	2,631	299
Profit Before Tax	(2,157)	(1,072)	(1,085)	(101)	3,511	880	2,631	299
Profit After Tax	(2,112)	(1,555)	(557)	(36)	3,394	399	2,995	751
Profit Attributable to Ordinary Equity Holders of the Company	(1,768)	(1,497)	(271)	(18)	4,588	558	4,030	722

For the current quarter and year ended 30 June 2018, Electronic payment services segment achieved revenue of RM0.77 million and RM12.98 million respectively, higher than RM0.13 million in the corresponding quarter in previous year and RM3.75 million in previous year respectively, was mainly due to higher sales of electronic payment solutions to overseas.

The segment reported loss before tax of RM2.16 million in current quarter, higher than RM1.07 million in corresponding quarter in previous year mainly due to increased marketing and promotion expenses.

The gross profit margin has improved from 50% in preceding year to 58% in current year. This segment reported profit before tax of RM3.51 million for current year, significantly improved compared to RM0.88 million in preceding year, mainly due to higher revenue achieved.

### Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.6.2018 RM'000	Ended 30.6.2017 RM'000	Changes		Ended 30.6.2018 RM'000	Ended 30.6.2017 RM'000	Changes	
Non -Electronic Payment Segmen			RM'000	%			RM'000	%
Revenue	2,709	14,944	(12,235)	(82)	4,590	15,550	(10,960)	(70)
Gross Profit	(2,115)	3,512	(5,627)	(160)	(1,759)	3,519	(5,278)	(150)
Profit Before Interest and Tax	(1,207)	2,317	(3,524)	(152)	(6,598)	762	(7,360)	(966)
Profit Before Tax	(1,246)	2,278	(3,524)	(155)	(6,760)	598	(7,358)	(1,230)
Profit After Tax	(1,257)	2,200	(3,457)	(157)	(6,775)	514	(7,289)	(1,418)
Profit Attributable to Ordinary Equity Holders of the Company	(1,257)	2,206	(3,463)	(157)	(6,775)	520	(7,295)	(1,403)

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

The revenue in current quarter and current year are mainly sales of IT and Network equipment and balance of progress billings of the contract secured in previous year. As most of the revenue from the contract secured were recognized in previous year, the revenue for current year is lower than last year.

Current quarter reported a loss before tax of RM1.25 million. As compared to profit before tax of RM2.28 million in the corresponding quarter in previous year, the higher loss was mainly due to higher actual cost than initial projected cost on the contract and allowance for doubtful debts of RM0.42 million. However, the higher loss was cushioned by gain on foreign exchange in current quarter of RM1.76 million.

The segment reported a loss before tax of RM6.76 million for year ended 30 June 2018, compared to profit before tax of RM0.60 million in previous year, mainly due to higher actual cost than initial projected cost on the contract, allowance for doubtful debts of RM0.42 million and loss on foreign exchange in current year as Ringgit Malaysia strengthen against USD.

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

	Current Quarter	Preceding Quarter	Changes	
	Ended 30.6.2018 RM'000	Ended 31.3.2018 RM'000		
<b>Group Results</b>			<b>RM'000</b>	<b>%</b>
Revenue	3,483	3,703	(220)	(6)
Gross Profit	(2,033)	814	(2,847)	(350)
Profit Before Interest and Tax	(3,748)	(6,696)	2,948	44
Profit Before Tax	(3,787)	(6,736)	2,949	44
Profit After Tax	(3,753)	(6,738)	2,985	44
Profit Attributable to Ordinary Equity Holders of the Company	(3,409)	(6,040)	2,631	44

The Group recorded revenue of RM3.48 million in current quarter, slightly lower as compared to RM3.70 million in previous quarter mainly due to lower revenue generated from overseas companies in Electronic payment services segment. The gross loss in current quarter mainly due to higher actual cost than initial projected cost on the contract under Non-Electric Payment Services segment.

The Group recorded loss before tax of RM3.79 million in current quarter, improved as compared to RM6.74 million in previous quarter mainly due to gain on foreign exchange of RM1.76 million in current quarter as opposed to loss on foreign exchange of RM3.28 million in previous quarter.

## **B3 FUTURE PROSPECTS**

The Group continues to pursue business ventures domestically and internationally to propel future growth. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 June 2019.

#### 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 30.6.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
Total accumulated profit / (loss):		
- Realised Profit / (Loss)	(8,713)	1,444
- Unrealised Profit / (Loss)	-	104
Total accumulated profit/(losses) as per consolidated statement of financial position	<u>(8,713)</u>	<u>1,548</u>

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30.6.2018 RM'000	Preceding Year Corresponding Quarter Ended 30.6.2017 RM'000	Current Year Todate Ended 30.6.2018 RM'000	Preceding Year Todate Ended 30.6.2017 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	84	59	285	217
Amortisation of intangible assets	659	296	2,087	1,126
Property, plant and equipment written off	6	1	25	1
Interest expense	39	39	162	165
Foreign exchange (gain) / loss	(1,764)	103	1,671	(44)
Interest income	(734)	(71)	(1,037)	(282)
Rental income	(50)	(50)	(201)	(175)
FV (Gain)/Loss on Investment	(351)	-	3,955	-
(Gain) / Loss on disposal of Investment	42	-	(840)	-
Impairment of goodwill on consolidation	693	-	693	-
Share-based Compensation expenses	-	-	4,266	-
Inventories written off	-	143	-	143
Allowance for doubtful debts	423	38	466	38

## B7 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	(151)	1	15	6
- Deferred taxation	117	560	117	560
Total	<u>(34)</u>	<u>561</u>	<u>132</u>	<u>566</u>

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the financial year.

The effective tax rate of the Group for the financial year 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	10,000	-	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>31,278</u>	<u>0</u>	

The Board has on 21 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.

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance</b>	<b>Intended Timeframe for Utilisation</b>
Development and marketing of MPEX System	20,000	8,284	11,716	Within 24 months
Working Capital	323	323	-	Within 24 months
Corporate Exercise exp	780	780	-	Within 2 months
	<u>21,103</u>	<u>9,387</u>	<u>11,716</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 30.6.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
<b>Short term borrowing</b>		
Term loan - Secured	<u>325</u>	<u>307</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>2,248</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 30.06.2018	Preceding Year Corresponding Quarter Ended 30.06.2017	Current Year ToDate Ended 30.06.2018	Preceding Year ToDate Ended 30.06.2017
Net profit/(loss) attributable to owners of the parent (RM)	<u>(3,409,000)</u>	<u>709,000</u>	<u>(10,261,000)</u>	<u>1,078,000</u>
Weighted average number of ordinary shares	<u>2,278,401,225</u>	<u>1,251,106,066</u>	<u>1,987,160,231</u>	<u>1,251,106,066</u>
Basic profit/(loss) per share (sen)	<u>(0.15)</u>	<u>0.06</u>	<u>(0.52)</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 June 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.