

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
REVENUE	4,957	6,193	4,957	6,193
COST OF SALES	(3,987)	(1,957)	(3,987)	(1,957)
GROSS PROFIT / (LOSS)	970	4,236	970	4,236
OTHER INCOME	1,313	232	1,313	232
ADMINISTRATION EXPENSES	(1,821)	(1,492)	(1,821)	(1,492)
OTHER OPERATING EXPENSES	(1,162)	(1,593)	(1,162)	(1,593)
PROFIT / (LOSS) FROM OPERATIONS	(700)	1,383	(700)	1,383
FINANCE COST	(38)	(42)	(38)	(42)
PROFIT / (LOSS) BEFORE TAX	(738)	1,341	(738)	1,341
INCOME TAX EXPENSES	(3)	(165)	(3)	(165)
NET PROFIT / (LOSS) FOR THE PERIOD	(741)	1,176	(741)	1,176
OTHER COMPREHENSIVE INCOME	77	(99)	77	(99)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(664)	1,077	(664)	1,077
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(827)	905	(827)	905
NON-CONTROLLING INTEREST	86	271	86	271
	(741)	1,176	(741)	1,176
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(741)	811	(741)	811
NON-CONTROLLING INTEREST	77	266	77	266
	(664)	1,077	(664)	1,077
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.03)	0.07	(0.03)	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 2018 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2018**

	AS AT 30 September 2018 Unaudited RM'000	AS AT 30 June 2018 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	6,323	6,402
Intangible Assets	11,359	11,671
Other Investments	307	4,146
Marketable Securities	3,524	-
	<u>21,513</u>	<u>22,219</u>
<u>CURRENT ASSETS</u>		
Inventories	52	42
Trade Receivables	24,755	18,074
Other Receivables, Deposits and Prepayment	15,609	10,231
Amount Owing by contract customers	-	1,967
Fixed Deposits placed with Licensed Bank	-	4,672
Short Term Investment	-	1,005
Cash and Bank Balances	36,681	37,754
	<u>77,097</u>	<u>73,745</u>
TOTAL ASSETS	<u><u>98,610</u></u>	<u><u>95,964</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	87,035	87,035
Warrant Reserve	15,263	15,263
Share Option Reserve	837	-
Foreign Exchange Reserve	(55)	(141)
Retained Profits	(9,545)	(8,718)
	<u>93,535</u>	<u>93,439</u>
Non-Controlling Interest	(1,256)	(1,333)
TOTAL EQUITY	<u><u>92,279</u></u>	<u><u>92,106</u></u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing (Mortgage)	2,169	2,249
	<u>2,169</u>	<u>2,249</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	3,347	430
Other Payables and Accruals	256	345
Deferred Income	225	505
Short Term Borrowing (Mortgage)	329	324
Tax liabilities	5	5
	<u>4,162</u>	<u>1,609</u>
TOTAL LIABILITIES	<u>6,331</u>	<u>3,858</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>98,610</u></u>	<u><u>95,964</u></u>
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 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	← ATTRIBUTABLE TO OWNER OF THE PARENT →						NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	← NON - DISTRIBUTABLE →	← SHARE OPTION WARRANT RESERVE RM'000 →	← FOREIGN EXCHANGE RESERVE RM'000 →	← ACCUMULATED LOSSES RM'000 →	← TOTAL RM'000 →	← DISTRIBUTABLE →		
Balance as at 1 July 2018	87,035	-	15,263	(141)	(8,718)	93,439	(1,333)	92,106
Total Comprehensive income for the financial period	-	-	-	86	(827)	(741)	77	(664)
Transactions with owners: Share options granted under SIS	-	837	-	-	-	837	-	837
Balance as at 30 September 2018	87,035	837	15,263	(55)	(9,545)	93,535	(1,256)	92,279
Balance as at 1 July 2017	26,844	-	15,263	(12)	1,548	43,643	(128)	43,515
Net profit for the financial year representing total comprehensive income for the period	-	-	-	(94)	905	811	266	1,077
Transactions with owners: Share issuance during the year Share options granted under SIS	637	-	-	-	-	637	-	637
	-	1,593	-	-	-	1,593	-	1,593
Balance as at 30 September 2017	27,481	1,593	15,263	(106)	2,453	46,684	138	46,822

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	CURRENT YEAR TO DATE 30/09/2018 RM'000	PRECEDING YEAR TO DATE 30/09/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(738)	1,341
Adjustment for:		
Depreciation of property, plant and equipment	81	70
Amortisation of intangible assets	692	284
Amortisation of deferred income	(414)	(73)
Share-based payment expenses accrued	837	1,593
Property, plant and equipment written off	5	-
Loss on fair value revaluation on investment	320	-
Unrealised foreign exchange loss	(1,152)	(26)
Interest expense	38	42
Interest income	(118)	(72)
Operating (loss)/profit before working capital changes	(449)	3,159
Decrease / (Increase) in current assets	(9,723)	4,454
Increase / (Decrease) in current liabilities	2,828	40
Advance receipts for deferred income	135	-
Cash Used in Operations	(7,209)	7,653
Tax Refund / (Paid)	(3)	3
Interest received	118	-
Interest paid	(38)	(42)
Net Cash Used in Operations	(7,132)	7,614
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17)	-
Acquisition of intangible assets	(90)	(185)
Investment on quoted shares	-	7,216
Other Investment	-	(313)
Net Cash From/(Used in) Investing Activities	(107)	6,718
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	-	637
Withdraw/(Placement) of deposits with licensed bank	4,672	444
Withdraw/(Placement) of short-term investment	1,005	-
Repayment of term loans	(75)	(71)
Net Cash Used in Financing Activities	5,602	1,010
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,637)	15,342
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	37,754	5,087
EFFECT ON FOREIGN CURRENCY TRANSLATION	564	(14,469)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	36,681	5,960
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	36,681	5,960
Short Term Investment	-	2,725
Fixed deposit with licensed bank	-	3,565
	36,681	12,250
Less: Short term investment	-	(2,725)
Less: Deposits placed with licensed bank	-	(3,565)
	36,681	5,960

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 2018 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 PERIOD ENDED 30
SEPTEMBER 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 2018. 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 2018.

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 2018 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>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
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
IC Interpretation 22	Foreign Currency Transactions and Advance Consolidation	1 January 2018

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 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
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 6	Exploration for and Evaluation of Mineral Resources	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	Services 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
MFRS 10	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred until further notice

A2 SEASONAL OR CYCLICAL FACTORS

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

A3 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 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 30 September 2018.

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.
- GEM : Involved in provision of reservation and planning services and its related solutions.

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Electronic Payment services	2,853	5,331	2,853	5,331
Non-Electronic Payment services	352	921	352	921
GEM	1,976	-	1,976	-
	<u>5,181</u>	<u>6,252</u>	<u>5,181</u>	<u>6,252</u>
Eliminations	(224)	(59)	(224)	(59)
Group revenue	<u>4,957</u>	<u>6,193</u>	<u>4,957</u>	<u>6,193</u>

Segment Results

Electronic Payment services	133	3,732	133	3,732
Non-Electronic Payment services	(12)	(798)	(12)	(798)
GEM	299	-	299	-
	<u>420</u>	<u>2,934</u>	<u>420</u>	<u>2,934</u>
Other Operating Expenses	(1,158)	(1,593)	(1,158)	(1,593)
Profit before taxation	<u>(738)</u>	<u>1,341</u>	<u>(738)</u>	<u>1,341</u>

	As At	As At
	30.9.2018	30.06.2018
	RM'000	RM'000
Segment Assets		
Electronic Payment services	36,269	34,546
Non-Electronic Payment services	56,816	61,418
GEM	5,525	-
	<u>98,610</u>	<u>95,964</u>
Deferred tax Assets	-	-
	<u>98,610</u>	<u>95,964</u>

Segment Liabilities

Electronic Payment services	1,666	540
Non-Electronic Payment services	2,111	745
GEM	56	-
	<u>3,833</u>	<u>1,285</u>
Term Loans	2,498	2,573
	<u>6,331</u>	<u>3,858</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.

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 2 July 2018, 116,316,900 share options were offered to eligible employee at an exercise price of option of RM0.0225 each.

A12 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 9 Oct 2018, 116,316,900 share options were fully exercise by eligible employee at an exercise price of option of RM0.0225 each.

A13 CAPITAL COMMITMENTS

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

Approved and contracted for:	USD'000	RM'000
Intangible Assets	-	379
Registered share capital of FFUTL to be paid up by year 2048	8,889	-
Acquisition of motor vehicle	-	325

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

	Individual Quarter				Cumulative Quarter			
	Ended 30.9.2018 RM'000	Ended 30.9.2017 RM'000	Changes		Ended 30.9.2018 RM'000	Ended 30.9.2017 RM'000	Changes	
Group Results			RM'000	%			RM'000	%
Revenue	4,957	6,193	(1,236)	(20)	4,957	6,193	(1,236)	(20)
Gross Profit	970	4,236	(3,266)	(77)	970	4,236	(3,266)	(77)
Profit Before Interest and Tax	(700)	1,383	(2,083)	(151)	(700)	1,383	(2,083)	(151)
Profit Before Tax	(738)	1,341	(2,079)	(155)	(738)	1,341	(2,079)	(155)
Profit After Tax	(741)	1,176	(1,917)	(163)	(741)	1,176	(1,917)	(163)
Profit Attributable to Ordinary Equity Holders of the Company	(827)	905	(1,732)	(191)	(827)	905	(1,732)	(191)

For the current quarter ended 30 September 2018, the Group recorded revenue of RM4.96 million, lower as compared to RM6.19 million in the corresponding quarter in previous year. This was mainly due to lower revenue from Electronic Payment segment but cushioned by new revenue from GEM segment. The gross profit margin for current quarter of 20% were lower than 68% in corresponding quarter in previous year, as a result of higher implementation cost arising from expansion of scope of work in software customization.

The Group recorded a loss before taxation for the current quarter of RM0.74 million, higher loss compared to profit before tax of RM1.34 million in the corresponding quarter in previous year mainly due to lower gross profit margin and share compensation expenses of RM0.84 million for the offering of share options to eligible employees, cushioned by unrealized forex gain of RM1.15 million as USD strengthen against Ringgit Malaysia.

Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.9.2018 RM'000	Ended 30.9.2017 RM'000	Changes		Ended 30.9.2018 RM'000	Ended 30.9.2017 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	2,629	5,272	(2,643)	(50)	2,629	5,272	(2,643)	(50)
Gross Profit	418	4,120	(3,702)	(90)	418	4,120	(3,702)	(90)
Profit Before Interest and Tax	133	3,732	(3,599)	(96)	133	3,732	(3,599)	(96)
Profit Before Tax	133	3,732	(3,599)	(96)	133	3,732	(3,599)	(96)
Profit After Tax	133	3,569	(3,436)	(96)	133	3,569	(3,436)	(96)
Profit Attributable to Ordinary Equity Holders of the Company	158	3,298	(3,140)	(95)	158	3,298	(3,140)	(95)

For the current quarter ended 30 September 2018, Electronic payment services segment reported revenue of RM2.63 million and gross profit margin of 16%, lower than RM5.27 million and gross profit margin of 78% in the corresponding quarter in previous year, was mainly due to lower sales of electronic payment solutions to overseas and higher implementation cost arising from expansion of scope of work in software customization.

The segment reported profit before tax of RM0.13 million in current quarter, lower than RM3.73 million in corresponding quarter in previous year mainly due to lower gross profit margin.

Non-electronic Payment Services Segment

Non - Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.9.2018 RM'000	30.9.2017 RM'000	RM'000	%	30.9.2018 RM'000	30.9.2017 RM'000	RM'000	%
Revenue	352	921	(569)	(62)	352	921	(569)	(62)
Gross Profit	35	116	(81)	(70)	35	116	(81)	(70)
Profit Before Interest and Tax	25	(756)	781	103	25	(756)	781	103
Profit Before Tax	(13)	(798)	785	98	(13)	(798)	785	98
Profit After Tax	(16)	(800)	784	98	(16)	(800)	784	98
Profit Attributable to Ordinary Equity Holders of the Company	(127)	(800)	673	84	(127)	(800)	673	84

The revenue in current quarter was the remaining balance of 10% progress billings from the contract secured in year 2017.

Current quarter reported a loss before tax of RM0.01 million, lower loss as compared to RM0.80 million in the corresponding quarter in previous year, mainly due to unrealized gain on foreign exchange in current quarter of RM1.15 million.

GEM Segment

GEM	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.09.2018 RM'000	30.09.2017 RM'000	RM'000	%	30.09.2018 RM'000	30.09.2017 RM'000	RM'000	%
Revenue	1,976	-	1,976	-	1,976	-	1,976	-
Gross Profit	517	-	517	-	517	-	517	-
Profit Before Interest and Tax	299	-	299	-	299	-	299	-
Profit Before Tax	299	-	299	-	299	-	299	-
Profit After Tax	299	-	299	-	299	-	299	-
Profit Attributable to Ordinary Equity Holders of the Company	299	-	299	-	299	-	299	-

This is the new segment which commence this year. The revenue was sales of GEM software and solutions to overseas. This segment achieved a profit before tax of RM0.30 million in current quarter.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED WITH PRECEDING QUARTER

	Current Quarter	Preceding Quarter		
	Ended 30.9.2018 RM'000	Ended 30.6.2018 RM'000	Changes RM'000 %	
Group Results				
Revenue	4,957	3,483	1,474	42
Gross Profit	970	(2,027)	2,997	148
Profit Before Interest and Tax	(700)	(3,748)	3,048	81
Profit Before Tax	(738)	(3,787)	3,049	81
Profit After Tax	(741)	(3,757)	3,016	80
Profit Attributable to Ordinary Equity Holders of the Company	(827)	(3,415)	2,588	76

The Group recorded revenue of RM4.96 million in current quarter, higher as compared to RM3.48 million in previous quarter mainly due to new revenue from sales of GEM software and solutions and sales of payment solutions in Electronic payment services segment, as opposed to maintenance income in previous quarter, cushioned by lower revenue in Non-Electronic Payment Services segment, being the remaining balance of 10% progress billings from the contract secured in previous year.

The gross loss in previous quarter mainly due to higher actual cost than initial projected cost on the contract under Non-Electronic Payment Services segment.

The Group recorded loss before tax of RM0.74 million in current quarter, improved as compared to RM3.79 million in previous quarter mainly due to gross loss position, provision for doubtful debts and impairment cost 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 30.9.2018 Unaudited RM'000	As at 30.06.2018 Audited RM'000
Total accumulated profit / (loss):		
- Realised Profit / (Loss)	(9,545)	(8,718)
- Unrealised Profit / (Loss)	<u>-</u>	<u>-</u>
Total accumulated profit/(losses) as per consolidated statement of financial position	<u>(9,545)</u>	<u>(8,718)</u>

B6 PROFIT / (LOSS) BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Totdate Ended	Preceding Year Totdate Ended
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	83	70	83	70
Amortisation of intangible assets	690	284	690	284
Property, plant and equipment written off	5	-	5	-
Interest expense	38	42	38	42
Foreign exchange (gain) / loss	(1,151)	198	(1,151)	198
Interest income	(118)	(72)	(118)	(72)
Rental income	(43)	(50)	(43)	(50)
FV (Gain)/Loss on Investment	320	-	320	-
Share-based Compensation expenses	837	1,593	837	1,593

B7 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To date Ended	Preceding Year To date Ended
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	3	165	3	165
- Deferred taxation	-	-	-	-
Total	<u>3</u>	<u>165</u>	<u>3</u>	<u>165</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 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	8,477	11,523	Within 24 months
Working Capital	323	323	-	Within 24 months
Corporate Exercise exp	780	780	-	Immediate
	<u>21,103</u>	<u>9,580</u>	<u>11,523</u>	

B) 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, raising RM6,612,346 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance	Intended for Timeframe Utilisation
Payallz's funding requirement for Onliner Project	6,504	3,270	3,234	Within 36 months
Expenses for the Private Placement	108	108	-	Immediate
	<u>6,612</u>	<u>3,378</u>	<u>3,234</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.9.2018 Unaudited RM'000	As at 30.6.2018 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>329</u>	<u>324</u>
Long term borrowing		
Term loan - Secured	<u>2,169</u>	<u>2,249</u>

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

B10 DIVIDEND PAYABLE

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

B11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year ToDate Ended	Preceding Year ToDate Ended
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Net profit/(loss) attributable to owners of the parent (RM)	<u>(827,000)</u>	<u>905,000</u>	<u>(827,000)</u>	<u>905,000</u>
Weighted average number of ordinary shares	<u>2,683,981,616</u>	<u>1,252,018,154</u>	<u>2,683,981,616</u>	<u>1,252,018,154</u>
Basic profit/(loss) per share (sen)	<u>(0.03)</u>	<u>0.07</u>	<u>(0.03)</u>	<u>0.07</u>

(b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 30 September 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 2018 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.