

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
REVENUE	4,081	4,188	9,038	10,381
COST OF SALES	(3,448)	(1,437)	(7,435)	(3,394)
GROSS PROFIT / (LOSS)	633	2,751	1,603	6,987
OTHER INCOME	95	129	1,408	361
ADMINISTRATION EXPENSES	(6,829)	(1,574)	(8,650)	(3,066)
OTHER OPERATING EXPENSES	(654)	(3,406)	(1,816)	(4,999)
PROFIT / (LOSS) FROM OPERATIONS	(6,755)	(2,100)	(7,455)	(717)
FINANCE COST	(37)	(41)	(75)	(83)
PROFIT / (LOSS) BEFORE TAX	(6,792)	(2,141)	(7,530)	(800)
INCOME TAX EXPENSES	(2)	-	(5)	(165)
NET PROFIT / (LOSS) FOR THE PERIOD	(6,794)	(2,141)	(7,535)	(965)
OTHER COMPREHENSIVE INCOME	47	(1,784)	124	(1,883)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(6,747)	(3,925)	(7,411)	(2,848)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(6,623)	(1,717)	(7,450)	(812)
NON-CONTROLLING INTEREST	(171)	(424)	(85)	(153)
	(6,794)	(2,141)	(7,535)	(965)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(6,576)	(3,342)	(7,317)	(2,531)
NON-CONTROLLING INTEREST	(171)	(583)	(94)	(317)
	(6,747)	(3,925)	(7,411)	(2,848)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.24)	(0.14)	(0.27)	(0.06)

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 31 DECEMBER 2018

	AS AT 31 December 2018 Unaudited RM'000	AS AT 30 June 2018 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	6,267	6,402
Intangible Assets	13,876	11,671
Other Investments	307	300
Marketable Securities	2,885	3,846
	<u>23,335</u>	<u>22,219</u>
<u>CURRENT ASSETS</u>		
Inventories	60	42
Trade Receivables	24,036	18,074
Other Receivables, Deposits and Prepayment	11,175	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	33,937	37,754
	<u>69,208</u>	<u>73,745</u>
TOTAL ASSETS	<u><u>92,543</u></u>	<u><u>95,964</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	90,490	87,035
Warrant Reserve	15,263	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(9)	(141)
Retained Profits	(16,168)	(8,718)
	<u>89,576</u>	<u>93,439</u>
Non-Controlling Interest	(1,427)	(1,333)
TOTAL EQUITY	<u>88,149</u>	<u>92,106</u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing (Mortgage)	2,088	2,249
	<u>2,088</u>	<u>2,249</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	1,591	430
Other Payables and Accruals	252	345
Deferred Income	124	505
Short Term Borrowing (Mortgage)	334	324
Tax liabilities	5	5
	<u>2,306</u>	<u>1,609</u>
TOTAL LIABILITIES	4,394	3,858
TOTAL EQUITIES AND LIABILITIES	<u><u>92,543</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 YEAR TO DATE ENDED 31 DECEMBER 2018

	ATTRIBUTABLE TO OWNER OF THE PARENT							TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE RESERVE RM'000	SHARE OPTION RESERVE RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	NON CONTROLLING INTEREST RM'000	
Balance as at 1 July 2018	87,035	-	-	15,263	(141)	(8,718)	(1,333)	92,106
Total Comprehensive income for the financial period	-	-	-	-	132	(7,450)	(94)	(7,412)
Transactions with owners:								
Share Issuance	-	-	-	-	-	-	-	-
Share options granted under SIS	-	837	-	-	-	-	-	837
Issuance of shares under SIS	3,455	(837)	-	-	-	-	-	2,617
Share issuance expenses	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	90,490	-	-	15,263	(9)	(16,168)	(1,427)	88,149
Balance as at 1 July 2017	26,844	-	-	15,263	(12)	1,548	(128)	43,515
Net profit for the financial year representing total comprehensive income for the period	-	-	-	-	(1,719)	(812)	(317)	(2,848)
Transactions with owners:								
Share issuance during the year	14,623	-	-	-	-	-	-	14,623
Share options granted under SIS	-	2,524	-	-	-	-	-	2,524
Issuance of shares under SIS	19,932	(2,524)	-	-	-	-	-	17,408
Share issuance expenses	-	-	-	-	-	-	-	-
Effect from adoption of Company Act 2016	-	-	-	-	-	-	-	-
Change of stake in subsidiary	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	61,399	-	-	15,263	(1,731)	736	(445)	75,222

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 YEAR TO DATE ENDED 31 DECEMBER 2018**

	CURRENT YEAR TO DATE 31/12/2018 RM'000	PRECEDING YEAR TO DATE 31/12/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(7,530)	(800)
Adjustment for:		
Depreciation of property, plant and equipment	163	123
Amortisation of intangible assets	1,590	570
Amortisation of deferred income	(377)	(354)
Share-based payment expenses accrued	837	2,524
Property, plant and equipment written off	8	-
(Gain)/Loss on disposal of investment	-	521
Loss on fair value revaluation on investment	971	1,954
Unrealised foreign exchange (gain)/loss	(1,018)	21
Interest expense	75	83
Interest income	(169)	(151)
Operating (loss)/profit before working capital changes	(5,450)	4,491
Decrease / (Increase) in current assets	(5,093)	(5,715)
Increase / (Decrease) in current liabilities	1,068	(660)
Advance receipts for deferred income	204	-
Cash Used in Operations	(9,271)	(1,884)
Tax Refund / (Paid)	(5)	5
Interest received	169	142
Interest paid	(75)	(83)
Net Cash Used in Operations	(9,182)	(1,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(54)	(379)
Acquisition of intangible assets	(3,540)	(49)
Investment on quoted shares	-	(7,216)
Other Investment	-	(313)
Net Cash From/(Used in) Investing Activities	(3,594)	(7,957)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	2,617	32,030
Withdraw/(Placement) of deposits with licensed bank	4,672	896
Withdraw/(Placement) of short-term investment	1,005	(17,523)
Repayment of term loans	(152)	(143)
Net Cash Used in Financing Activities	8,142	15,260
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,634)	5,483
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	37,754	5,087
EFFECT ON FOREIGN CURRENCY TRANSLATION	817	(1,854)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	33,937	8,716
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	33,937	8,716
Short Term Investment	-	20,225
Fixed deposit with licensed bank	-	3,112
	<u>33,937</u>	<u>32,053</u>
Less: Short term investment	-	(20,225)
Less: Deposits placed with licensed bank	-	(3,112)
	<u>33,937</u>	<u>8,716</u>

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 CURRENT QUARTER AND YEAR TO
DATE ENDED 31 DECEMBER 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 current quarter and year to date ended 31 December 2018.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter and year to date ended 31 December 2018.

A5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter and year to date ended 31 December 2018 other than as disclosed below:

- 1) 116,316,900 ordinary shares were issued under Share Issuance Scheme

A6 DIVIDENDS PAID

No dividends were paid during current quarter and year to date ended 31 December 2018.

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 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000
Segment Revenue				
Electronic Payment services	2,604	4,259	5,457	9,590
Non-Electronic Payment services	-	-	352	921
GEM	1,568	-	3,544	-
	<u>4,172</u>	<u>4,259</u>	<u>9,353</u>	<u>10,511</u>
Eliminations	(91)	(71)	(315)	(130)
Group revenue	<u>4,081</u>	<u>4,188</u>	<u>9,038</u>	<u>10,381</u>
Segment Results				
Electronic Payment services	(305)	2,143	(172)	5,875
Non-Electronic Payment services	(1,398)	(878)	(1,410)	(1,676)
GEM	(4,439)	-	(4,140)	-
	<u>(6,142)</u>	<u>1,265</u>	<u>(5,722)</u>	<u>4,199</u>
Other Operating Expenses	(650)	(3,406)	(1,808)	(4,999)
Profit before taxation	<u>(6,792)</u>	<u>(2,141)</u>	<u>(7,530)</u>	<u>(800)</u>
Segment Assets				
Electronic Payment services			37,216	34,546
Non-Electronic Payment services			47,788	61,418
GEM			7,539	-
			<u>92,543</u>	<u>95,964</u>
Deferred tax Assets			-	-
			<u>92,543</u>	<u>95,964</u>
Segment Liabilities				
Electronic Payment services			108	540
Non-Electronic Payment services			1,811	745
GEM			53	-
			<u>1,972</u>	<u>1,285</u>
Term Loans			2,422	2,573
			<u>4,394</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 current quarter and year to date ended 31 December 2018.

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.
- 2) 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.

A12 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 16 January 2019, the Company proposes to undertake the private placement of up to 1,038,223,900 new ordinary shares and approved by Bursa Securities on 29 January 2019, as disclosed in Note B7.

A13 CAPITAL COMMITMENTS

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

	USD'000	RM'000
Approved and contracted for:		
Intangible Assets	-	378
Registered share capital of FFUTL to be paid up by year 2048	8,889	-
Acquisition of motor vehicle	-	325
		<hr/>

A14 RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties during current quarter and year to date ended 31 December 2018.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes		Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	4,081	4,188	(107)	(3)	9,038	10,381	(1,343)	(13)
Gross Profit	633	2,751	(2,118)	(77)	1,603	6,987	(5,384)	(77)
Profit Before Interest and Tax	(6,755)	(2,100)	(4,655)	(222)	(7,455)	(717)	(6,738)	(940)
Profit Before Tax	(6,792)	(2,141)	(4,651)	(217)	(7,530)	(800)	(6,730)	(841)
Profit After Tax	(6,794)	(2,141)	(4,653)	(217)	(7,535)	(965)	(6,570)	(681)
Profit Attributable to Ordinary Equity Holders of the Company	(6,623)	(1,717)	(4,906)	(286)	(7,450)	(812)	(6,638)	(817)

For the current quarter ended 31 December 2018, the Group recorded revenue of RM4.08 million, consistent with corresponding quarter in previous year of RM4.19 million. The revenue were generated from Electronic Payment segment and GEM segment. The gross profit margin for current quarter of 16% were lower than 66% in corresponding quarter in previous year, as a result of higher implementation cost arising from expansion of scope of work in software customization in order to compete in current market.

The Group recorded a loss before taxation for the current quarter of RM6.79 million, higher loss compared to loss before tax of RM2.14 million in the corresponding quarter in previous year mainly due to lower gross profit margin and higher marketing expenses for promoting GEM products.

For the 6 months ended 31 December 2018, the Group recorded revenue of RM9.04 million, slightly lower compared to RM10.38 million in preceding year-todate, mainly due to lower revenue from Electronic Payment segment but cushioned by new revenue from GEM segment. The gross profit margin of 18% for current year was lower than preceding year-todate of 67% due to higher implementation cost arising from expansion of scope of work in software customization in order to compete in current market.

The group recorded a loss before tax of 7.53 million for the current year-todate, higher as compare with preceding year to-date loss of RM0.80 million mainly due to lower gross profit margin and higher marketing expenses for promoting GEM products, cushioned by unrealized forex gain of RM1.02 million as USD strengthen against Ringgit Malaysia.

Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes		Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	2,513	4,188	(1,675)	(40)	5,142	9,460	(4,318)	(46)
Gross Profit	325	2,751	(2,426)	(88)	743	6,871	(6,128)	(89)
Profit Before Interest and Tax	(305)	2,143	(2,448)	(114)	(172)	5,875	(6,047)	(103)
Profit Before Tax	(305)	2,143	(2,448)	(114)	(172)	5,875	(6,047)	(103)
Profit After Tax	(305)	2,143	(2,448)	(114)	(172)	5,712	(5,884)	(103)
Profit Attributable to Ordinary Equity Holders of the Company	(196)	2,567	(2,763)	(108)	(38)	5,865	(5,903)	(101)

For the current quarter ended 31 December 2018, Electronic payment services segment reported revenue of RM2.51 million and gross profit margin of 13%, lower than RM4.19 million revenue and gross profit margin of 65% 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 in order to compete in current market.

The segment reported loss before tax of RM0.31 million in current quarter, lower than profit before tax of RM2.14 million in corresponding quarter in previous year mainly due to lower gross profit margin.

This segment achieved revenue of RM5.14 million, lower as compared with preceding year to-date of RM9.46 million due to lower sales of electronic payment solutions to oversea. The gross profit margin of 14% in current year to-date was lower than 73% in preceding year to-date mainly due to higher implementation cost arising from expansion of scope of work in software customization in order to compete in current market.

This segment recorded loss before tax of RM0.17 million, lower as compared with preceding year to-date's profit before tax of RM5.88 million mainly due to lower revenue and lower gross profit margin.

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes		Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes	
Non -Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	-	-	-	-	352	921	(569)	(62)
Gross Profit	-	-	-	-	35	116	(81)	(70)
Profit Before Interest and Tax	(1,360)	(837)	(523)	(62)	(1,335)	(1,593)	258	16
Profit Before Tax	(1,397)	(878)	(519)	(59)	(1,410)	(1,676)	266	16
Profit After Tax	(1,399)	(878)	(521)	(59)	(1,415)	(1,678)	263	16
Profit Attributable to Ordinary Equity Holders of the Company	(1,337)	(878)	(459)	(52)	(1,464)	(1,678)	214	13

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

Current quarter reported a loss before tax of RM1.40 million, higher loss as compared to RM0.88 million in the corresponding quarter in previous year, mainly due to higher operating cost.

This segment recorded revenue of RM0.35 million, lower as compared with preceding year to-date of RM0.92 million as the current year-todate's revenue were the remaining balance of progress billings from the contract secured in year 2017.

This segment recorded loss before tax of RM1.41 million, lower as compared with preceding year to-date loss of RM1.68 million mainly due to unrealized forex gain of RM1.02 million as USD strengthen against Ringgit Malaysia.

GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes RM'000 %		Ended 31.12.2018 RM'000	Ended 31.12.2017 RM'000	Changes RM'000 %	
GEM								
Revenue	1,568	-	1,568	-	3,544	-	3,544	-
Gross Profit	308	-	308	-	825	-	825	-
Profit Before Interest and Tax	(4,439)	-	(4,439)	-	(4,140)	-	(4,140)	-
Profit Before Tax	(4,439)	-	(4,439)	-	(4,140)	-	(4,140)	-
Profit After Tax	(4,439)	-	(4,439)	-	(4,140)	-	(4,140)	-
Profit Attributable to Ordinary Equity Holders of the Company	(4,439)	-	(4,439)	-	(4,140)	-	(4,140)	-

This is the new segment which commence this year. The revenue was sales of GEM software and solutions to overseas. This segment having a loss before tax of RM4.44 million in current quarter and RM4.14 million in current year-todate mainly due to high marketing cost for promoting GEM products.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED WITH PRECEDING QUARTER

	Current Quarter	Preceding Quarter	Changes	
	Ended 31.12.2018 RM'000	Ended 30.9.2018 RM'000	RM'000	%
Group Results				
Revenue	4,081	4,957	(876)	(18)
Gross Profit	633	970	(337)	(35)
Profit Before Interest and Tax	(6,755)	(700)	(6,055)	(865)
Profit Before Tax	(6,792)	(738)	(6,054)	(820)
Profit After Tax	(6,794)	(741)	(6,053)	(817)
Profit Attributable to Ordinary Equity Holders of the Company	(6,623)	(827)	(5,796)	(701)

The Group recorded revenue of RM4.08 million in current quarter, slightly lower as compared to RM4.96 million in previous quarter. The loss before tax of RM6.79 million in current quarter, higher as compared to RM0.74 million in previous quarter mainly due to higher marketing cost for promoting GEM products.

B3 FUTURE PROSPECTS

The Group is currently developing the MPex system together with third party developers, which the Group intends to offer the MPex system to its existing merchants which were previously obtained through its EFTPOS terminals business as well as secure new merchants.

Further to the above, the Group intends to leverage on its existing experience, technologies and infrastructures in the mobile payment segment to venture into the mobile app space via the development of GEM app, which is expected to enhance the income stream of the Group.

The Group will continue 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 PROFIT / (LOSS) BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	82	53	163	123
Amortisation of intangible assets	898	286	1,590	570
Property, plant and equipment written off	3	-	8	-
Interest expense	37	41	75	83
Foreign exchange (gain) / loss	296	(48)	(855)	150
Interest income	(51)	(79)	(169)	(151)
Rental income	(32)	(51)	(75)	(101)
FV (Gain)/Loss on Investment	651	1,954	971	1,954
(Gain) / Loss on disposal of Investment	-	521	-	521
Share-based Compensation expenses	-	931	837	2,524

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To date Ended	Preceding Year To date Ended
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	2	-	5	165
- Deferred taxation	-	-	-	-
Total	<u>2</u>	<u>-</u>	<u>5</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.

B7 STATUS OF CORPORATE PROPOSALS

On 16 January 2019, the Company proposed to undertake the private placement of up to 1,038,223,900 new ordinary shares, representing up to 30% of the enlarged total number of issued shares of the Company, to independent third party investors. Bursa Securities has, vide its letter dated 29 January 2019 approved the listing and quotation of up to 1,038,223,900 Placement Shares to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement was approved by the shareholders at the Extraordinary General Meeting held on 22 February 2019.

B8 STATUS OF UTILISATION OF PROCEEDS

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")

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 (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	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 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 (RM'000)	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 31.12.2018 Unaudited RM'000	As at 30.6.2018 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>334</u>	<u>324</u>
Long term borrowing		
Term loan - Secured	<u>2,088</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 current quarter and year to date ended 31 December 2018.

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 To date Ended	Preceding Year To date Ended
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit/(loss) attributable to owners of the parent (RM)	<u>(6,623,000)</u>	<u>(1,717,000)</u>	<u>(7,450,000)</u>	<u>(812,000)</u>
Weighted average number of ordinary shares	<u>2,790,184,003</u>	<u>1,252,018,154</u>	<u>2,768,662,876</u>	<u>1,252,018,154</u>
Basic profit/(loss) per share (sen)	<u>(0.24)</u>	<u>(0.14)</u>	<u>(0.27)</u>	<u>(0.06)</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 December 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.

B11 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.

B12 AUTHORISATION FOR ISSUE

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