

**NETX HOLDINGS BERHAD (533441-W)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u>	<u>PRECEDING YEAR QUARTER</u>	<u>CURRENT YEAR TO DATE</u>	<u>PRECEDING YEAR TO DATE</u>
	<u>30/09/2019 RM'000</u>	<u>30/09/2018 **</u>	<u>30/09/2019 RM'000</u>	<u>30/09/2018 **</u>
REVENUE	258	N/A	9,960	N/A
COST OF SALES	(249)	N/A	(6,399)	N/A
GROSS PROFIT / (LOSS)	9	N/A	3,561	N/A
OTHER INCOME	727	N/A	3,198	N/A
ADMINISTRATION EXPENSES OTHER OPERATING EXPENSES	(3,302) (414)	N/A N/A	(20,799) (8,104)	N/A N/A
PROFIT / (LOSS) FROM OPERATIONS	(2,980)	N/A	(22,144)	N/A
FINANCE COST	(33)	N/A	(178)	N/A
PROFIT / (LOSS) BEFORE TAX	(3,013)	N/A	(22,322)	N/A
INCOME TAX EXPENSES	(1)	N/A	(6)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD	<u>(3,014)</u>	<u>N/A</u>	<u>(22,328)</u>	<u>N/A</u>
OTHER COMPREHENSIVE INCOME	(219)	N/A	(119)	N/A
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	<u>(3,233)</u>	<u>N/A</u>	<u>(22,447)</u>	<u>N/A</u>
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(2,750)	N/A	(21,291)	N/A
NON-CONTROLLING INTEREST	(264)	N/A	(1,037)	N/A
	<u>(3,014)</u>	<u>N/A</u>	<u>(22,328)</u>	<u>N/A</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(2,969)	N/A	(21,398)	N/A
NON-CONTROLLING INTEREST	(264)	N/A	(1,049)	N/A
	<u>(3,233)</u>	<u>N/A</u>	<u>(22,447)</u>	<u>N/A</u>
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	<u>(0.08)</u>	<u>N/A</u>	<u>(0.65)</u>	<u>N/A</u>

\*\* There are no comparative figures disclosed for the preceding year quarter and preceding year-todate results following the change in the

NETX HOLDINGS BERHAD (533441-W)  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPT 2019**

	AS AT 30 Sept 2019 Unaudited RM'000	AS AT 30 June 2018 Audited RM'000
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Plant and Equipment	10,757	6,402
Intangible Assets	18,863	11,671
Other Investments	311	300
Marketable Securities	2,564	3,846
	<u>32,495</u>	<u>22,219</u>
<b><u>CURRENT ASSETS</u></b>		
Inventories	66	42
Trade Receivables	9,423	18,074
Other Receivables, Deposits and Prepayment	5,638	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	35,250	37,754
	<u>50,377</u>	<u>73,745</u>
<b>TOTAL ASSETS</b>	<u>82,872</u>	<u>95,964</u>
<b><u>EQUITIES AND LIABILITIES</u></b>		
<b><u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u></b>		
Share Capital	96,480	87,035
Warrant Reserve	-	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(249)	(141)
Retained Profits	(14,745)	(8,718)
	<u>81,486</u>	<u>93,439</u>
Non-Controlling Interest	(2,382)	(1,333)
<b>TOTAL EQUITY</b>	<u>79,104</u>	<u>92,106</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	1,837	2,249
	<u>1,837</u>	<u>2,249</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	434	430
Other Payables and Accruals	1,012	345
Deferred Income	132	505
Short Term Borrowing (Mortgage)	348	324
Tax liabilities	5	5
	<u>1,931</u>	<u>1,609</u>
<b>TOTAL LIABILITIES</b>	<u>3,768</u>	<u>3,858</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u>82,872</u>	<u>95,964</u>
Net Assets per share attributable to owners of the Company (RM)	0.02	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 30 SEPT 2019

	← NON - DISTRIBUTABLE →		← ATTRIBUTABLE TO OWNER OF THE PARENT →		← DISTRIBUTABLE →		NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE OPTION RESERVE RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000		
<b>Balance as at 1 July 2018</b>	87,035	-	15,263	(141)	(8,718)	93,439	(1,333)	92,106
Total Comprehensive income for the financial period	-	-	-	(108)	(21,290)	(21,398)	(1,049)	(22,447)
Transactions with owners:								
Share Issuance	5,990	-	-	-	-	5,990	-	5,990
Share options granted under SIS	-	837	-	-	-	837	-	837
Issuance of shares under SIS	3,455	(837)	-	-	-	2,618	-	2,618
Reversal of warrants	-	-	(15,263)	-	15,263	-	-	-
<b>Balance as at 30 September 2019</b>	96,480	-	-	(249)	(14,745)	81,486	(2,382)	79,104
<b>Balance as at 1 July 2017</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net profit for the financial year representing total comprehensive income for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transactions with owners:								
Share issuance during the year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Share options granted under SIS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuance of shares under SIS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Share issuance expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect from adoption of Company Act 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Change of stake in subsidiary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Balance as at 30 September 2018</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR TO DATE ENDED 30 SEPT 2019

	CURRENT YEAR TO DATE 30/9/2019 RM'000	PRECEDING YEAR TO DATE 30/9/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(22,322)	N/A
Adjustment for:		
Depreciation of property, plant and equipment	625	N/A
Amortisation of intangible assets	4,576	N/A
Amortisation of deferred income	(919)	N/A
Impairment loss of receivable	4,090	N/A
Bad debts written off	1,849	N/A
Share-based payment expenses accrued	837	N/A
Property, plant and equipment written off	21	N/A
Loss on fair value revaluation on investment	1,298	N/A
Unrealised foreign exchange (gain)/loss	(1,726)	N/A
Interest expense	178	N/A
Interest income	(1,321)	N/A
<b>Operating (loss)/profit before working capital changes</b>	<b>(12,814)</b>	<b>N/A</b>
Decrease / (Increase) in current assets	9,800	N/A
Increase / (Decrease) in current liabilities	670	N/A
Advance receipts for deferred income	547	N/A
<b>Cash Used in Operations</b>	<b>(1,797)</b>	<b>N/A</b>
Tax Refund / (Paid)	(6)	N/A
Interest received	1,321	N/A
Interest paid	(178)	N/A
<b>Net Cash Used in Operations</b>	<b>(660)</b>	<b>N/A</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,029)	N/A
Acquisition of intangible assets	(11,365)	N/A
Proceeds from disposal of investment	-	N/A
Other Investment	-	N/A
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(16,394)</b>	<b>N/A</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	8,608	N/A
Payment for expenses for issuance of shares	-	N/A
Withdrew/(Placement) of deposits with licensed bank	4,672	N/A
Withdrew/(Placement) of short-term investment	1,005	N/A
Repayment of term loans	(388)	N/A
<b>Net Cash Used in Financing Activities</b>	<b>13,897</b>	<b>N/A</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,157)</b>	<b>N/A</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>37,754</b>	<b>N/A</b>
<b>EFFECT ON FOREIGN CURRENCY TRANSLATION</b>	<b>653</b>	<b>N/A</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>35,250</b>	<b>N/A</b>
Cash and cash equivalents at end of year consist of :-		
Fixed deposit with licensed bank	-	N/A
	35,250	N/A
Less: Short term investment	-	N/A
Less: Deposits placed with licensed bank	-	N/A
	35,250	N/A

**NETX HOLDINGS BERHAD (533441-W)**

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**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019**

**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 for annual periods beginning on or after</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 for annual periods beginning on or after</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
Amendment to MFRS 9, 139 and 7	Interest Rate Benchmark Reform	1 January 2020
MFRS 17	Insurance Contracts #	1 January 2021
MFRS 10 and 128	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

# Not applicable to the Group's existing activities

## **A2 CHANGE OF FINANCIAL YEAR END**

The Company has changed the financial year from 30 June to 30 November as announced on 25 September 2019. The next audited financial statements shall be for a period of seventeen (17) months from 1 July 2018 to 30 November 2019 and thereafter, the financial year end shall be fall under 30 November for each subsequent year.

## **A3 SEASONAL OR CYCLICAL FACTORS**

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

## **A4 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 30 September 2019.

## **A5 CHANGES IN ESTIMATES**

There were no changes in estimates that have had any material effect on current quarter and year to date ended 30 September 2019.

## **A6 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 30 September 2019 other than as disclosed below:

- 1) 116,316,900 ordinary shares were issued under Share Issuance Scheme on 9 October 2018;
- 2) Warrants 2016/2019 expired on 7 June 2019, no warrants exercised before expiry;
- 3) 252,000,000 ordinary shares were issued under Private Placement on 9 July 2019;
- 4) 220,000,000 ordinary shares were issued under Private Placement on 22 July 2019.

## **A7 DIVIDENDS PAID**

No dividends were paid during current quarter and year to date ended 30 September 2019.

## **A8 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.  |

**A8 SEGMENTAL INFORMATION (CONTINUED)**

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Elimination RM'000	Total RM'000
<b>2019</b>					
<b>Revenue</b>					
External revenue	5,937	352	3,671	-	9,960
Inter-company	582	-	-	(582)	-
	<u>6,519</u>	<u>352</u>	<u>3,671</u>	<u>(582)</u>	<u>9,960</u>
<b>Results</b>					
Segment operating profit/(loss)	(4,358)	(2,975)	(9,905)	-	(17,238)
Other operating income					3,198
Other operating expenses					(8,104)
Finance costs					<u>(178)</u>
Loss before taxation					(22,322)
Tax expenses					<u>(6)</u>
Loss after taxation					(22,328)
Non-controlling interests					<u>(1,037)</u>
Loss attributable to owners of the Company					<u>(21,291)</u>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>					
<b>Segments assets</b>	<u>50,096</u>	<u>12,023</u>	<u>17,878</u>	<u>-</u>	<u>79,997</u>
Other investments and market securities					<u>2,875</u>
Total assets					<u>82,872</u>
<b>Segments liabilities</b>	<u>149</u>	<u>1,359</u>	<u>75</u>	<u>-</u>	<u>1,583</u>
Term loan					<u>2,185</u>
Total liabilities					<u>3,768</u>



#### **A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no valuation undertaken for property, plant and equipment.

#### **A10 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 30 September 2019.

#### **A11 CONTINGENT LIABILITIES**

There were no material contingent liabilities not provided for as at the date of this report.

#### **A12 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.
- 3) 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.
- 4) On 25 April 2019, Gem Live Sdn Bhd ("GEM Live"), a wholly-owned subsidiary, has entered into a collaboration agreement with Buy Tickets Sdn Bhd ("BuyTickets") whereby Buy Tickets shall provide and make available all technologies of the online ticketing websites or platform know as buytickets.com.my to Gem Live.
- 5) On 7 June 2019, the subscription rights of the Warrant 2016/2019 ("Warrants") expired and become null and void and shall cease to exercisable thereafter.
- 6) On 26 June 2019, Netx Digital Limited, a wholly-owned subsidiary company has entered into a collaboration agreement with 2Go technologies Group Limited for the cooperation in the development and deployment of an electronic customer verification platform, otherwise known as the e-KYC platform, in Malaysia or any other parts of the Asia and Pacific region subject to term and conditions contained therein.
- 7) On 8 July 2019, 252,000,000 shares were issued at an exercise price of RM0.0119 each under Private Placement.
- 8) On 19 July 2019, 220,000,000 shares were issued at an exercise price of RM0.0136 each under Private Placement.

### **A13 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD**

- 1) On 25 October 2019, 222,000,000 shares were issued at an exercise price of RM0.0189 each under Private Placement.
- 2) On 21 November 2019, 148,089,500 shares were issued at an exercise price of RM0.0180 each under Private Placement.
- 3) On 13 November 2019, NetX Digital Limited (“NDL”), a wholly owned subsidiary company has entered into a Memorandum of Understanding with PUC Ventures Sdn Bhd (PUC”), a wholly owned subsidiary of PUC Berhad to collaborate on the digital lifestyle and market platform (the “Application”). NDL shall invest a revolving amount of up to RM50,000,000 and shall be a promoter of the application. PUC’s Companies shall process, issue and disburse approved micro-financing through the Application and pay commission to NDL.

### **A14 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 30 September 2019 is as follows:

Approved and contracted for:	USD'000	RM'000
Intangible Assets	-	168
Registered share capital of FFUTL to be paid up by year 2048	8,889	-

### **A15 RELATED PARTY TRANSACTIONS**

There were no significant transactions with related parties during current quarter and year to date ended 30 September 2019.

## B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1 PERFORMANCE REVIEW

	Individual Quarter				Cumulative Quarter			
	Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes		Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes	
Group Results			RM'000	%			RM'000	%
Revenue	258	N/A	-	-	9,960	N/A	-	-
Gross Profit	9	N/A	-	-	3,561	N/A	-	-
Loss Before Interest and Tax	(2,980)	N/A	-	-	(22,144)	N/A	-	-
Loss Before Tax	(3,013)	N/A	-	-	(22,322)	N/A	-	-
Loss After Tax	(3,014)	N/A	-	-	(22,328)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(2,750)	N/A	-	-	(21,291)	N/A	-	-

For the current quarter ended 30 June 2019, the Group recorded revenue of RM0.25 million. The revenue mainly derived from rental of terminal in Electronic Payment Segment.

The Group recorded a loss before taxation for the current quarter of RM3.01 million, mainly due to low revenue in the challenging market condition. The losses mainly derived from amortization of intangible assets of RM0.93 million, fair value adjustment on investment in MLAB System Berhad of RM0.34 million and marketing and operating expenses in GEM Segment.

For the 15 months ended 30 September 2019, the Group recorded revenue of RM9.96 million. The revenue mainly contributed from Electronic Payment segment and Gem segment.

The group recorded losses before tax of RM22.32 million for the current year-todate, mainly due to amortization of intangible assets of RM4.58 million, marketing expenses for promoting GEM products, bad debts written off of RM1.85 million, provision for doubtful debts of RM4.09 million, fair value adjustment on investment in MLAB System Berhad of RM1.3 million and share-based compensation expenses of RM0.84 million.

#### Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes		Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	185	N/A	-	-	5,937	N/A	-	-
Gross Profit	84	N/A	-	-	2,245	N/A	-	-
Loss Before Interest and Tax	(723)	N/A	-	-	(7,428)	N/A	-	-
Loss Before Tax	(723)	N/A	-	-	(7,428)	N/A	-	-
Loss After Tax	(723)	N/A	-	-	(7,428)	N/A	-	-
Loss attributable to Ordinary Equity Holders of the Company	(596)	N/A	-	-	(6,986)	N/A	-	-

## B1 PERFORMANCE REVIEW (CONTINUED)

### Electronic Payment Services Segment (continued)

For the current quarter ended 30 September 2019, Electronic payment services segment reported revenue of RM0.18 million. The revenue mainly derived from rental of EFTPOS terminal to merchants. This loss before tax of RM0.72 million mainly due to amortization of intangible assets of RM0.63 million.

This segment achieved revenue of RM5.94 million in current year to-date, mainly derived from oversea sales of electronic payment solutions and rental of EFTPOS terminal to merchants. The loss before tax of RM7.43 million mainly attributable to amortization of intangible assets of RM3.79 million, bad debts written off of RM1.85 million and provision of doubtful debts of RM2.04 million.

### Non-electronic Payment Services Segment

Non-Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.09.2019	30.09.2018	RM'000	%	30.09.2019	30.09.2018	RM'000	%
Revenue	-	N/A	-	-	352	N/A	-	-
Gross Profit	-	N/A	-	-	35	N/A	-	-
Loss Before Interest and Tax	(179)	N/A	-	-	(1,191)	N/A	-	-
Loss Before Tax	(211)	N/A	-	-	(1,369)	N/A	-	-
Loss After Tax	(212)	N/A	-	-	(1,375)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(212)	N/A	-	-	(1,375)	N/A	-	-

This segment's revenue of RM0.35 million in current year to-date, were the remaining balance of progress billings from the contract secured in year 2017. Currently this segment only supply network equipment and infrastructure on a confirmed project basis.

This segment reported a loss before tax of RM0.21 million in current quarter and RM1.37 million in current year to-date, mainly due to low revenue as a result of challenging market condition. The losses mainly attributed to staff and general administrative expenses.

**B1 PERFORMANCE REVIEW (CONTINUED)**GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes		Ended 30.09.2019 RM'000	Ended 30.09.2018 RM'000	Changes	
GEM			RM'000	%			RM'000	%
Revenue	73	N/A	-	-	3,671	N/A	-	-
Gross Profit	(75)	N/A	-	-	1,281	N/A	-	-
Loss Before Interest and Tax	(1,626)	N/A	-	-	(11,131)	N/A	-	-
Loss Before Tax	(1,626)	N/A	-	-	(11,131)	N/A	-	-
Loss After Tax	(1,626)	N/A	-	-	(11,131)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(1,626)	N/A	-	-	(11,131)	N/A	-	-

This is the new segment which commence this year. This segment recorded a loss before tax of RM1.63 million in current quarter and RM11.13 million in current year to-date mainly due to resources invested for expansion of the business and high marketing cost for promoting GEM products.

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

	Current Quarter	Preceding Quarter		
	Ended 30.09.2019 RM'000	Ended 30.06.2019 RM'000	Changes	
Group Results			RM'000	%
Revenue	258	242	16	7
Gross Profit	9	(79)	88	111
Profit Before Interest and Tax	(2,980)	(8,230)	5,250	64
Profit Before Tax	(3,013)	(8,264)	5,251	64
Profit After Tax	(3,014)	(8,264)	5,250	64
Profit Attributable to Ordinary Equity Holders of the Company	(2,750)	(7,826)	5,076	65

The Group recorded revenue of RM0.26 million in current quarter, consistent with previous quarter, mainly arrived from rental of EFTPOS terminal to merchants. The loss before tax of RM3.01 million in current quarter, lower as compared to RM8.26 million in previous quarter mainly due to provision for doubtful debts of RM4.03 million and bad debts written off of RM1.85 million in preceding quarter.

### 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 November 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 Totdate Ended	Preceding Year Totdate Ended
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	182	N/A	625	N/A
Amortisation of intangible assets	932	N/A	4,576	N/A
Bad debts written off	2	N/A	1,849	N/A
Property, plant and equipment written off	11	N/A	21	N/A
Interest expense	33	N/A	178	N/A
Foreign exchange (gain) / loss	(600)	N/A	(1,492)	N/A
Interest income	(45)	N/A	(1,321)	N/A
Rental income	(25)	N/A	(142)	N/A
FV (Gain)/Loss on Investment	335	N/A	1,298	N/A
Share-based Compensation expenses	-	N/A	837	N/A
Allowance for doubtful debts	58	N/A	4,090	N/A

## B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	1	N/A	6	N/A
- Deferred taxation	-	N/A	-	N/A
Total	<u>1</u>	<u>N/A</u>	<u>6</u>	<u>N/A</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.

On 12 July 2019, the Company has submitted an application to seek Bursa Securities' for approval for an extension of time of up to 6 months for the Company to implement and complete the Private Placement. Bursa Securities has, vide its letter dated 24 July 2019, resolved to approve the abovementioned application.

The Board has fixed the issued price as follow:

- 1) 252,000,000 Placement Shares at RM0.0119 per Placement Share on 24 June 2019;
- 2) 220,000,000 Placement Shares at RM0.0136 per Placement Share on 16 July 2019;
- 3) 220,000,000 Placement Shares at RM0.0189 per Placement Share on 18 October 2019;
- 4) 148,089,500 Placement Shares at RM0.0180 per Placement Share on 13 November 2019.

The Private Placement was completed on 21 November 2019, raising RM12,814,411 for the Company.

## 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.

<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance (RM'000)</b>	<b>Intended Timeframe for Utilisation</b>
Development and marketing of MPEX System	20,000	8,841	11,159	Within 24 months
Working Capital	323	323	-	Within 24 months
Corporate Exercise exp	780	780	-	Immediate
	<u>21,103</u>	<u>9,944</u>	<u>11,159</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.

<b>Purpose</b>	<b>Purpose Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance (RM'000)</b>	<b>Intended for Timeframe Utilisation</b>
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 30.09.2019 Unaudited RM'000	As at 30.6.2018 Audited RM'000
<b>Short term borrowing</b>		
Term loan - Secured	<u>348</u>	<u>324</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>1,837</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 30 September 2019.

## 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 30.09.2019	Preceding Year Corresponding Quarter Ended 30.09.2018	Current Year Todate Ended 30.09.2019	Preceding Year Todate Ended 30.09.2018
Net profit/(loss) attributable to owners of the parent (RM)	<u>(2,750,000)</u>	<u>N/A</u>	<u>(21,291,000)</u>	<u>N/A</u>
Weighted average number of ordinary shares	<u>3,272,298,516</u>	<u>N/A</u>	<u>3,272,298,516</u>	<u>N/A</u>
Basic profit/(loss) per share (sen)	<u>(0.08)</u>	<u>N/A</u>	<u>(0.65)</u>	<u>N/A</u>

**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.