

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30/11/2019 RM'000	30/11/2018 **	30/11/2019 RM'000	30/11/2018 **
REVENUE	33	N/A	9,993	N/A
COST OF SALES	(21)	N/A	(6,149)	N/A
GROSS PROFIT / (LOSS)	12	N/A	3,844	N/A
OTHER INCOME	81	N/A	2,960	N/A
ADMINISTRATION EXPENSES	(1,758)	N/A	(22,509)	N/A
OTHER OPERATING EXPENSES	(5,737)	N/A	(13,841)	N/A
PROFIT / (LOSS) FROM OPERATIONS	(7,402)	N/A	(29,546)	N/A
FINANCE COST	2	N/A	(176)	N/A
PROFIT / (LOSS) BEFORE TAX	(7,400)	N/A	(29,722)	N/A
INCOME TAX EXPENSES	-	N/A	(6)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD	(7,400)	N/A	(29,728)	N/A
OTHER COMPREHENSIVE INCOME	96	N/A	(23)	N/A
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(7,304)	N/A	(29,751)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(7,084)	N/A	(28,375)	N/A
NON-CONTROLLING INTEREST	(316)	N/A	(1,353)	N/A
	(7,400)	N/A	(29,728)	N/A
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(6,986)	N/A	(28,384)	N/A
NON-CONTROLLING INTEREST	(318)	N/A	(1,367)	N/A
	(7,304)	N/A	(29,751)	N/A
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.21)	N/A	(0.97)	N/A

** There are no comparative figures disclosed for the preceding year quarter and preceding year-to-date results following the change in the financial year end from 30 June to 30 November

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

	AS AT 30 Nov 2019 Unaudited RM'000	AS AT 30 June 2018 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	10,568	6,402
Intangible Assets	20,792	11,671
Other Investments	-	300
Marketable Securities	7,326	3,846
	<u>38,686</u>	<u>22,219</u>
<u>CURRENT ASSETS</u>		
Inventories	16	42
Trade Receivables	6,360	18,074
Other Receivables, Deposits and Prepayment	1,902	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	34,653	37,754
	<u>42,931</u>	<u>73,745</u>
TOTAL ASSETS	<u><u>81,617</u></u>	<u><u>95,964</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	103,280	87,035
Warrant Reserve	-	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(150)	(141)
Retained Profits	(21,830)	(8,718)
	<u>81,300</u>	<u>93,439</u>
Non-Controlling Interest	(2,700)	(1,333)
TOTAL EQUITY	<u><u>78,600</u></u>	<u><u>92,106</u></u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing (Mortgage)	1,831	2,249
	<u>1,831</u>	<u>2,249</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	421	430
Other Payables and Accruals	362	345
Deferred Income	121	505
Short Term Borrowing (Mortgage)	277	324
Tax liabilities	5	5
	<u>1,186</u>	<u>1,609</u>
TOTAL LIABILITIES	<u>3,017</u>	<u>3,858</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>81,617</u></u>	<u><u>95,964</u></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.

NETX HOLDINGS BERHAD (533441-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR TO DATE ENDED 30 NOV 2019

	←←←←← ATTRIBUTABLE TO OWNER OF THE PARENT →→→→→		←←←←← DISTRIBUTABLE →→→→→		←←←←← 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		
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	-	-	-	(9)	(28,375)	(28,384)	(1,367)	(29,751)
Transactions with owners:								
Share Issuance	12,814	-	-	-	-	12,814	-	12,814
Share options granted under SIS	-	814	-	-	-	814	-	814
Issuance of shares under SIS	3,431	(814)	-	-	-	2,618	-	2,618
Reversal of warrants	-	-	(15,263)	-	15,263	-	-	-
Balance as at 30 November 2019	103,280	-	-	(150)	(21,830)	81,300	(2,700)	78,600
Balance as at 1 July 2017	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
Balance as at 30 November 2018	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 NOV 2019

	CURRENT YEAR TO DATE 30/11/2019 RM'000	PRECEDING YEAR TO DATE 30/11/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(29,722)	N/A
Adjustment for:		
Depreciation of property, plant and equipment	826	N/A
Amortisation of intangible assets	4,353	N/A
Amortisation of deferred income	(968)	N/A
Allowance for doubtful debts	7,096	N/A
Intangible assets written off	2,823	N/A
Impairment on other investment	309	N/A
Inventories written off	51	N/A
Bad debts written off	1,730	N/A
Share-based payment expenses accrued	814	N/A
Property, plant and equipment written off	21	N/A
Loss on fair value revaluation on investment	997	N/A
Unrealised foreign exchange (gain)/loss	(1,406)	N/A
Interest expense	176	N/A
Interest income	(1,332)	N/A
Operating (loss)/profit before working capital changes	(14,232)	N/A
Decrease / (Increase) in current assets	6,888	N/A
Increase / (Decrease) in current liabilities	9	N/A
Advance receipts for deferred income	584	N/A
Cash Used in Operations	(6,751)	N/A
Tax Refund / (Paid)	(6)	N/A
Interest received	1,332	N/A
Interest paid	(176)	N/A
Net Cash Used in Operations	(5,601)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,042)	N/A
Acquisition of intangible assets	(8,998)	N/A
Investment on quoted shares	(4,469)	-
Net Cash From/(Used in) Investing Activities	(18,509)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	15,432	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	(465)	N/A
Net Cash Used in Financing Activities	20,644	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,466)	N/A
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	37,754	N/A
EFFECT ON FOREIGN CURRENCY TRANSLATION	365	N/A
CASH AND CASH EQUIVALENTS CARRIED FORWARD	34,653	N/A
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	34,653	N/A

NETX HOLDINGS BERHAD (533441-W)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR TO
DATE ENDED 30 NOVEMBER 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 November 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 November 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 November 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 5 July 2019;
- 4) 220,000,000 ordinary shares were issued under Private Placement on 18 July 2019;
- 5) 220,000,000 ordinary shares were issued under Private Placement on 25 October 2019;
- 6) 148,089,500 ordinary shares were issued under Private Placement on 20 November 2019.

A7 DIVIDENDS PAID

No dividends were paid during current quarter and year to date ended 30 November 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
2019					
Revenue					
External revenue	5,970	352	3,671	-	9,993
Inter-company	3,990	-	-	(3,990)	-
	9,960	352	3,671	(3,990)	9,993
Results					
Segment operating profit/(loss)	(3,711)	(3,685)	(11,269)	-	(18,665)
Other operating income					2,960
Other operating expenses					(13,841)
Finance costs					(176)
Loss before taxation					(29,722)
Tax expenses					(6)
Loss after taxation					(29,728)
Non-controlling interests					(1,353)
Loss attributable to owners of the Company					(28,375)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	45,699	11,295	17,297	-	74,291
Other investments and market securities					7,326
Total assets					81,617
Segments liabilities	161	665	83	-	909
Term loan					2,108
Total liabilities					3,017

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 November 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 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 and approved by Bursa Securities on 29 January 2019.
- 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 5 July 2019, 252,000,000 shares were issued at an exercise price of RM0.0119 each under Private Placement.
- 8) On 18 July 2019, 220,000,000 shares were issued at an exercise price of RM0.0136 each under Private Placement.
- 9) On 25 October 2019, 222,000,000 shares were issued at an exercise price of RM0.0189 each under Private Placement.
- 10) On 20 November 2019, 148,089,500 shares were issued at an exercise price of RM0.0180 each under Private Placement.

A12 SIGNIFICANT EVENTS DURING THE INTERIM REPORTING PERIOD (Continued)

- 11) 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.

A13 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 18 December 2018, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.
- 2) On 30 December 2018, 50,000,000 share options were fully exercise by eligible employee at an exercise price of option of RM0.02 each.
- 3) On 9 January 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third party investors, as disclosed in note B7.
- 4) On 13 January 2020, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.
- 5) On 20 January 2020, 50,000,000 share options were fully exercise by eligible employee at an exercise price of option of RM0.02 each.

A14 CAPITAL COMMITMENTS

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

	USD’000	RM’000
Approved and contracted for:		
Intangible Assets	-	2,100
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 November 2019.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

BI PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.11.2019	30.11.2018	RM'000	%	30.11.2019	30.11.2018	RM'000	%
Revenue	33	N/A	-	-	9,993	N/A	-	-
Gross Profit	12	N/A	-	-	3,844	N/A	-	-
Loss Before Interest and Tax	(7,402)	N/A	-	-	(29,546)	N/A	-	-
Loss Before Tax	(7,400)	N/A	-	-	(29,722)	N/A	-	-
Loss After Tax	(7,400)	N/A	-	-	(29,728)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(7,084)	N/A	-	-	(28,375)	N/A	-	-

For the current quarter ended 30 November 2019, the Group recorded revenue of RM0.03 million. The revenue mainly derived from rental of terminal in Electronic Payment Services Segment.

The Group recorded a loss before taxation for the current quarter of RM7.4 million, mainly due to low revenue in the challenging market condition. The losses mainly derived from provision for doubtful debts of RM3.01 million, intangible assets written off of RM2.82 million and operating expenses in GEM Segment.

For the 17 months ended 30 November 2019, the Group recorded revenue of RM9.99 million. The revenue mainly contributed from Electronic Payment Services segment and Gem segment.

The group recorded losses before tax of RM29.7 million for the current year-todate, mainly due to amortization of intangible assets of RM4.35 million, marketing expenses for promoting GEM products, intangible assets written off of RM2.82 million, bad debts written off of RM1.73 million, provision for doubtful debts of RM7.09 million, fair value adjustment on investment in MLAB System Berhad of RM0.99 million, impairment on other investment of RM0.31 million and share-based compensation expenses of RM0.81 million.

Electronic Payment Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.11.2019	30.11.2018	RM'000	%	30.11.2019	30.11.2018	RM'000	%
Revenue	33	N/A	-	-	5,970	N/A	-	-
Gross Profit	29	N/A	-	-	2,700	N/A	-	-
Loss Before Interest and Tax	(5,257)	N/A	-	-	(12,685)	N/A	-	-
Loss Before Tax	(5,257)	N/A	-	-	(12,685)	N/A	-	-
Loss After Tax	(5,257)	N/A	-	-	(12,685)	N/A	-	-

B1 PERFORMANCE REVIEW (CONTINUED)

Electronic Payment Services Segment (continued)

For the current quarter ended 30 November 2019, Electronic payment services segment reported revenue of RM0.33 million. The revenue mainly derived from rental of EFTPOS terminal to merchants. This loss before tax of RM5.26 million mainly due to provision for doubtful debts of RM3.01 million and intangible assets written off of RM2.82 million.

This segment achieved revenue of RM5.97 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 RM12.69 million mainly attributable to amortization of intangible assets of RM3.37 million, bad debts written off of RM1.73 million, provision of doubtful debts of RM5.06 million and intangible assets written off of RM2.82 million.

Non-electronic Payment Services Segment

Non -Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.11.2019	30.11.2018	RM'000	%	30.11.2019	30.11.2018	RM'000	%
Revenue	-	N/A	-	-	352	N/A	-	-
Gross Profit	-	N/A	-	-	35	N/A	-	-
Loss Before Interest and Tax	(664)	N/A	-	-	(4,249)	N/A	-	-
Loss Before Tax	(662)	N/A	-	-	(4,425)	N/A	-	-
Loss After Tax	(662)	N/A	-	-	(4,431)	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 RM0.66 million in current quarter and RM4.42 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 30.11.2019 RM'000	Ended 30.11.2018 RM'000	Changes		Ended 30.11.2019 RM'000	Ended 30.11.2018 RM'000	Changes	
GEM			RM'000	%			RM'000	%
Revenue	-	N/A	-	-	3,671	N/A	-	-
Gross Profit	(17)	N/A	-	-	1,109	N/A	-	-
Loss Before Interest and Tax	(1,481)	N/A	-	-	(12,612)	N/A	-	-
Loss Before Tax	(1,481)	N/A	-	-	(12,612)	N/A	-	-
Loss After Tax	(1,481)	N/A	-	-	(12,612)	N/A	-	-

This is the new segment which commence during this financial year. This segment recorded a loss before tax of RM1.48 million in current quarter and RM12.61 million in current year to-date mainly due to provision of doubtful debts of RM2 million, 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	Changes	
	Ended 30.11.2019 RM'000	Ended 30.09.2019 RM'000	RM'000	%
Group Results				
Revenue	33	258	(225)	(87)
Gross Profit	12	9	3	33
Profit Before Interest and Tax	(7,402)	(2,980)	(4,422)	(148)
Profit Before Tax	(7,400)	(3,013)	(4,387)	(146)
Profit After Tax	(7,400)	(3,014)	(4,386)	(146)
Profit Attributable to Ordinary Equity Holders of the Company	(7,084)	(2,750)	(4,334)	(158)

The Group recorded revenue of RM0.33 million in current quarter, mainly arrived from rental of EFTPOS terminal to merchants. The loss before tax of RM7.4 million in current quarter, higher as compared to RM3.01 million in previous quarter mainly due to provision for doubtful debts of RM3.01 million and intangible assets written off of RM2.82 million in current quarter.

B3 FUTURE PROSPECTS

In October 2018, the Group launched GEM application, a lifestyle mobile application that allows users to stay connected to their favourite restaurant, entertainment outlets, bars and clubs as well as entertainment events like concerts, musicals and comedy shows, all under single platform. The GEM application also hosts several other features such as social media platform and customer loyalty features.

Further to the development of the GEM application, the Group has started moving on to the next stage of its development by upgrading the existing GEM application and relaunching it with a new name – GEM Spot in December 2019.

GEM Spot is expected to contain upgraded and additional unique features to improve the dining and party experiences of its users such as Instant table reservations, on-demand queuing, specially curated recommendations and exclusive voucher purchasing.

In conjunction with the relaunching of the GEM application into GEM Spot in December 2019, the Group has also launched GemSpot Pro, which is the merchant application catered for F&B merchants. GemSpot Pro is expected to contain sales, operations and marketing features such as reservation and order management, customer database management, daily sales report and tracking as well as venue performance analytics.

In addition, GemSpot Pro is expected to be a one stop growth partner for F&B merchants by hosting a variety of in-house marketing services ranging from photoshoots, videography, copywriting and graphic designing to social media consultancy and event management. Moving forward, GemSpot Pro is also envisaged to provide specialised business solutions such as payment terminals, point-of-sale systems, wine and liquor supply, display advertising, delivery services and many more to cater for the various needs and demands of F&B businesses.

The upgrading process has commenced and expected to continue with the upgraded and additional features set out above gradually included in the application over an estimated period of the next 12 months.

Besides the GEM Spot and GemSpot Pro, The Group is also 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.

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 2020.

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 Totate Ended	Preceding Year Totate Ended
	30.11.2019 RM'000	30.11.2018 RM'000	30.11.2019 RM'000	30.11.2018 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	201	N/A	826	N/A
Amortisation of intangible assets	(223)	N/A	4,353	N/A
Bad debts written off	(119)	N/A	1,730	N/A
Property, plant and equipment written off	-	N/A	21	N/A
Intangible Assets written off	2,823	N/A	2,823	N/A
Impairment of other investment	309	N/A	309	N/A
Interest expense	(2)	N/A	176	N/A
Foreign exchange (gain) / loss	259	N/A	(1,233)	N/A
Interest income	(11)	N/A	(1,332)	N/A
Rental income	(15)	N/A	(157)	N/A
FV (Gain)/Loss on Investment	(301)	N/A	997	N/A
Share-based Compensation expenses	(23)	N/A	814	N/A
Allowance for doubtful debts	3,006	N/A	7,096	N/A

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Totate Ended	Preceding Year Totate Ended
	30.11.2019 RM'000	30.11.2018 RM'000	30.11.2019 RM'000	30.11.2018 RM'000
Current period				
- Income taxation	-	N/A	6	N/A
- Deferred taxation	-	N/A	-	N/A
Total	-	N/A	6	N/A

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 9 January 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third party investors. Bursa has, vide its letter dated 20 January 2020, approved the listing and quotation of up to 392,730,000 placement shares to be issued pursuant to the Proposed Private Placement.

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	9,044	10,956	Within 36 months
Working Capital	323	323	-	Within 24 months
Expenses for the Share Issuance	780	780	-	Immediate
	<u>21,103</u>	<u>10,147</u>	<u>10,956</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	Propose 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>	

C) PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 16 January 2019, the Company proposed to undertake the private placement of up to 30% of the total number of issued shares of the Company to third party investor(s). The Private Placement was completed on 21 November 2019, following the listing and quotation of 840,089,500 placement shares on the Ace Market of Bursa Securities, raising RM12,814,411 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of the GEM application	6,000	6,000	-	Within 24 months
Marketing costs for the GEM application	6,514	5,466	1,048	Within 24 months
Expenses for the Private Placement	300	300	-	Immediate
	<u>12,814</u>	<u>11,766</u>	<u>1,048</u>	

B8 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.11.2019 Unaudited RM'000	As at 30.6.2018 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>277</u>	<u>324</u>
Long term borrowing		
Term loan - Secured	<u>1,831</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.

B9 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter and year to date ended 30 November 2019.

B10 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 30.11.2019	Preceding Year Corresponding Quarter Ended 30.11.2018	Current Year To date Ended 30.11.2019	Preceding Year To date Ended 30.11.2018
Net profit/(loss) attributable to owners of the parent (RM)	<u>(7,084,000)</u>	<u>N/A</u>	<u>(28,375,000)</u>	<u>N/A</u>
Weighted average number of ordinary shares	<u>3,354,986,274</u>	<u>N/A</u>	<u>2,924,332,408</u>	<u>N/A</u>
Basic profit/(loss) per share (sen)	<u>(0.21)</u>	<u>N/A</u>	<u>(0.97)</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.