

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 29 FEBRUARY 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT YEAR	PRECEDING
	QUARTER YEAR	QUARTER	TO DATE	YEAR TO DATE
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	RM'000	**	RM'000	**
REVENUE	3,662	N/A	3,662	N/A
COST OF SALES	(1,701)	N/A	(1,701)	N/A
GROSS PROFIT / (LOSS)	1,961	N/A	1,961	N/A
OTHER INCOME	35	N/A	35	N/A
ADMINISTRATION EXPENSES	(2,157)	N/A	(2,157)	N/A
OTHER OPERATING EXPENSES	(4,724)	N/A	(4,724)	N/A
PROFIT / (LOSS) FROM OPERATIONS	(4,885)	N/A	(4,885)	N/A
FINANCE COST	(30)	N/A	(30)	N/A
PROFIT / (LOSS) BEFORE TAX	(4,915)	N/A	(4,915)	N/A
INCOME TAX EXPENSES	(1)	N/A	(1)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD	(4,916)	N/A	(4,916)	N/A
OTHER COMPREHENSIVE INCOME	944	N/A	944	N/A
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(3,972)	N/A	(3,972)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(4,405)	N/A	(4,405)	N/A
NON-CONTROLLING INTEREST	(511)	N/A	(511)	N/A
	(4,916)	N/A	(4,916)	N/A
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(3,435)	N/A	(3,435)	N/A
NON-CONTROLLING INTEREST	(537)	N/A	(537)	N/A
	(3,972)	N/A	(3,972)	N/A
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.12)	N/A	(0.12)	N/A

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

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 November 2019 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 29 FEBRUARY 2020**

	<b>AS AT 29 Feb 2020 Unaudited RM'000</b>	<b>AS AT 30 Nov 2019 Audited RM'000</b>
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Plant and Equipment	13,902	10,568
Intangible Assets	22,900	20,792
Other Investments	-	-
Marketable Securities	3,330	7,326
	<u>40,132</u>	<u>38,686</u>
<b><u>CURRENT ASSETS</u></b>		
Inventories	17	16
Trade Receivables	374	4,062
Other Receivables, Deposits and Prepayment	4,623	2,162
Tax Recoverable	1	1
Cash and Bank Balances	35,236	35,229
	<u>40,251</u>	<u>41,470</u>
<b>TOTAL ASSETS</b>	<u><u>80,383</u></u>	<u><u>80,156</u></u>
<b><u>EQUITIES AND LIABILITIES</u></b>		
<b><u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u></b>		
Share Capital	107,785	103,280
Foreign Exchange Reserve	796	(174)
Retained Profits	(28,503)	(24,098)
	<u>80,078</u>	<u>79,008</u>
Non-Controlling Interest	(3,238)	(2,701)
<b>TOTAL EQUITY</b>	<u>76,840</u>	<u>76,307</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	1,698	1,779
	<u>1,698</u>	<u>1,779</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	427	422
Other Payables and Accruals	979	1,198
Deferred Income	105	121
Short Term Borrowing (Mortgage)	334	329
	<u>1,845</u>	<u>2,070</u>
<b>TOTAL LIABILITIES</b>	3,543	3,849
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u><u>80,383</u></u>	<u><u>80,156</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.02	0.02

*The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 November 2019 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 29 FEBRUARY 2020**

	←———— ATTRIBUTABLE TO OWNER OF THE PARENT —————→						NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	←———— NON - DISTRIBUTABLE —————→			←———— DISTRIBUTABLE —————→				
	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>As at 1 December 2019</b>	103,280	-	-	(174)	(24,098)	79,008	(2,701)	76,307
Total Comprehensive income for the financial period	-	-	-	970	(4,405)	(3,435)	(537)	(3,972)
Transactions with owners:								
Share Issuance	-	-	-	-	-	-	-	-
Share options granted under SIS	-	505	-	-	-	505	-	505
Issuance of shares under SIS	4,505	(505)	-	-	-	4,000	-	4,000
<b>As at 29 February 2020</b>	<b>107,785</b>	<b>-</b>	<b>-</b>	<b>796</b>	<b>(28,503)</b>	<b>80,078</b>	<b>(3,238)</b>	<b>76,840</b>
<b>As at 1 December 2018 **</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
<b>As at 28 February 2019</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

\*\* There are no comparative figures disclosed for the preceding year following the change in the financial year end from 30 June to 30 November

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 November 2019 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 29 FEBRUARY 2020**

	<b>CURRENT YEAR TO DATE 29/02/2020 RM'000</b>	<b>PRECEDING YEAR TO DATE 29/02/2019 **</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(4,915)	N/A
Adjustment for:		
Depreciation of property, plant and equipment	333	N/A
Amortisation of intangible assets	300	N/A
Amortisation of deferred income	(66)	N/A
Share-based payment expenses accrued	505	N/A
Property, plant and equipment written off	1	N/A
Loss on fair value revaluation on investment	3,918	N/A
Unrealised foreign exchange (gain)/loss	192	N/A
Interest expense	30	N/A
Interest income	(3)	N/A
<b>Operating (loss)/profit before working capital changes</b>	<b>295</b>	<b>N/A</b>
Decrease / (Increase) in current assets	(2,285)	N/A
Increase / (Decrease) in current liabilities	(110)	N/A
Advance receipts for deferred income	50	N/A
<b>Cash Used in Operations</b>	<b>(2,050)</b>	<b>N/A</b>
Tax Refund / (Paid)	(1)	N/A
Interest received	3	N/A
Interest paid	(30)	N/A
<b>Net Cash Used in Operations</b>	<b>(2,078)</b>	<b>N/A</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(83)	N/A
Acquisition of intangible assets	(2,081)	N/A
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(2,164)</b>	<b>N/A</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	4,000	N/A
Repayment of term loans	(76)	N/A
<b>Net Cash Used in Financing Activities</b>	<b>3,924</b>	<b>N/A</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(318)</b>	<b>N/A</b>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	35,229	N/A
EFFECT ON FOREIGN CURRENCY TRANSLATION	325	N/A
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>35,236</b>	<b>N/A</b>
Cash and cash equivalents at end of year consist of :-		
<b>Cash and bank balances</b>	<b>35,236</b>	<b>N/A</b>

\*\* There are no comparative figures disclosed for the preceding year following the change in the financial year end from 30 June to 30 November

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial period ended 30 November 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR TO  
DATE ENDED 29 FEBRUARY 2020**

**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 period ended 30 November 2019. 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 period ended 30 November 2019.

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 period ended 30 November 2019 except for the adoption of the following MFRS and Amendments to MFRS:

<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
Amendments to MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Employees Benefits – Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Investments in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS standards 2015 - 2017 Cycle		1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

## A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

The adoption of the above pronouncements did not have material impact on the financial statements of the Group, except as follows:

### **MFRS 16 Leases**

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is currently assessing the impact of adoption of MFRS 16. As at the date of authorisation of issue of the interim financial statements, this assessment process is still on-going. Thus, the impact of adoption cannot be determined and estimated reliably now until the process is complete.

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>
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 20	Stripping cost in the Production Phase of a Surface Mine	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
Amendments to MFRS 10 and 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

# Not applicable to the Group's existing activities

## **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 ended 29 February 2020.

## **A4 CHANGES IN ESTIMATES**

There were no changes in estimates that have had any material effect on current quarter ended 29 February 2020.

## **A5 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter ended 29 February 2020 other than as disclosed below:

- 1) 50,000,000 ordinary shares were issued under Share Issuance Scheme on 27 December 2019, 20 January 2020, 11 February 2020 and 27 February 2020.

## **A6 DIVIDENDS PAID**

No dividends were paid during current quarter ended 29 February 2020.

## 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.

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Elimination RM'000	Total RM'000
<b>2020</b>					
<b>Revenue</b>					
External revenue	127	3,508	27	-	3,662
Inter-company	88	-	-	(88)	-
	215	3,508	27	(88)	3,662
<b>Results</b>					
Segment operating profit/(loss)	(266)	1,204	(1,134)	-	(196)
Other operating income					35
Other operating expenses					(4,724)
Finance costs					(30)
Loss before taxation					(4,915)
Tax expenses					(1)
Loss after taxation					(4,916)
Non-controlling interests					511
Loss attributable to owners of the Company					(4,405)



## A7 SEGMENTAL INFORMATION (CONTINUED)

	<b>Electronic payment services RM'000</b>	<b>Non- electronic payment services RM'000</b>	<b>GEM RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Segments assets</b>	30,347	27,996	18,710	-	77,053
Other investments and market securities					3,330
Total assets					80,383
<b>Segments liabilities</b>	140	1,262	109	-	1,511
Term loan					2,032
Total liabilities					3,543

## 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

On 28 February 2020, Gem Live Sdn Bhd, a wholly-owned subsidiary company had incorporated a new subsidiary company namely Gem Excite Sdn Bhd. There were no other changes in the composition of the Group during current quarter ended 29 February 2020.

## 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 18 December 2019, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.
- 2) 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.
- 3) On 13 January 2020, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.
- 4) On 5 February 2020, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.
- 5) On 21 February 2020, 50,000,000 share options were offered to eligible employee at an exercise price of option of RM0.02 each.

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

- 1) On 2 March 2020, 60,000,000 share options were offered to eligible employee at an exercise price of option of RM0.0175 each.
- 2) On 17 March 2020, the Company has incorporated a new subsidiary company namely E-Fx Sdn Bhd.
- 3) On 6 April 2020, Gem Live Sdn Bhd (“GEM”), an indirect wholly-owned subsidiary had entered into a Memorandum of Understanding with Lambomove Sdn Bhd (formerly known as Oriented Media Services Sdn Bhd) (“Lambomove”) for the appointment of Lambomove as GEM’s food delivery service provider to its customers.
- 4) On 21 April 2020, 221,900,000 share options were offered to eligible employee at an exercise price of option of RM0.01 each.
- 5) On 29 April 2020, E-Fx Sdn Bhd, a wholly-owned subsidiary company, had entered into a collaboration agreement with Finexia Securities Ltd to introduce, promote and operate the Point-to-Point currency exchange digital platform with an inbuilt e-wallet function in Australia.
- 6) On 30 April 2020, 66,603,500 share options were offered to eligible employee at an exercise price of option of RM0.01 each.
- 7) On 14 May 2020, 19,981,000 share options were offered to eligible employee at an exercise price of option of RM0.0125 each.

### **A14 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 29 February 2020 is as follows:

Approved and contracted for:	USD'000	RM'000
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 ended 29 February 2020.

## B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1 PERFORMANCE REVIEW

	Individual Quarter				Cumulative Quarter			
	Ended 29.2.2020 RM'000	Ended 28.2.2019 RM'000	Changes		Ended 29.2.2020 RM'000	Ended 28.2.2019 RM'000	Changes	
Group Results			RM'000	%			RM'000	%
Revenue	3,662	N/A	-	-	3,662	N/A	-	-
Gross Profit	1,961	N/A	-	-	1,961	N/A	-	-
Loss Before Interest and Tax	(4,885)	N/A	-	-	(4,885)	N/A	-	-
Loss Before Tax	(4,915)	N/A	-	-	(4,915)	N/A	-	-
Loss After Tax	(4,916)	N/A	-	-	(4,916)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(4,405)	N/A	-	-	(4,405)	N/A	-	-

For the current quarter ended 29 February 2020, the Group recorded revenue of RM3.66 million. The revenue mainly derived from project sales of network equipment and infrastructure in Non-Payment Services Segment and rental of EFTPOS terminal to merchants.

The Group recorded a loss before taxation for the current quarter of RM4.9 million, mainly due to loss on fair value adjustment on investment in MLAB System Berhad of RM3.9 million and share-based compensation expenses of RM0.5 million for share option granted to employees.

#### Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 29.2.2020 RM'000	Ended 28.2.2019 RM'000	Changes		Ended 29.2.2020 RM'000	Ended 28.2.2019 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	127	N/A	-	-	127	N/A	-	-
Gross Profit	101	N/A	-	-	101	N/A	-	-
Loss Before Interest and Tax	(268)	N/A	-	-	(268)	N/A	-	-
Loss Before Tax	(268)	N/A	-	-	(268)	N/A	-	-
Loss After Tax	(268)	N/A	-	-	(268)	N/A	-	-

For the current quarter ended 29 February 2020, Electronic payment services segment reported revenue of RM0.13 million. The revenue mainly derived from rental of EFTPOS terminal to merchants. The loss before tax of RM0.27 million mainly due to minimum resources required to service the merchants and the general administrative expenses.

## B1 PERFORMANCE REVIEW (CONTINUED)

### Non-electronic Payment Services Segment

Non -Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	29.2.2020	28.2.2019	RM'000	%	29.2.2020	28.2.2019	RM'000	%
Revenue	3,508	N/A	-	-	3,508	N/A	-	-
Gross Profit	1,920	N/A	-	-	1,920	N/A	-	-
Profit Before Interest and Tax	1,237	N/A	-	-	1,237	N/A	-	-
Profit Before Tax	1,207	N/A	-	-	1,207	N/A	-	-
Profit After Tax	1,206	N/A	-	-	1,206	N/A	-	-

This segment achieved revenue of RM3.5 million in current quarter, mainly derived from project sales of network equipment and infrastructure. Currently this segment only supplies network equipment and infrastructure on a confirmed project basis. This segment achieved a profit before tax of RM1.21 million in current quarter.

### GEM Segment

GEM	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	29.2.2020	28.2.2019	RM'000	%	29.2.2020	28.2.2019	RM'000	%
Revenue	27	N/A	-	-	27	N/A	-	-
Gross Profit	(60)	N/A	-	-	(60)	N/A	-	-
Loss Before Interest and Tax	(1,431)	N/A	-	-	(1,431)	N/A	-	-
Loss Before Tax	(1,431)	N/A	-	-	(1,431)	N/A	-	-
Loss After Tax	(1,431)	N/A	-	-	(1,431)	N/A	-	-

This segment recorded a loss before tax of RM1.43 million in current quarter mainly due to resources invested for expansion and promotion of the business.

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

	Current Quarter	Preceding Quarter		
	Ended 29.2.2020 RM'000	Ended 30.11.2019 RM'000	Changes RM'000 %	
<b>Group Results</b>				
Revenue	3,662	33	3,629	10,997
Gross Profit	1,961	12	1,949	16,242
Profit Before Interest and Tax	(4,885)	(9,676)	4,791	50
Profit Before Tax	(4,915)	(9,674)	4,759	49
Profit After Tax	(4,916)	(9,668)	4,752	49
Profit Attributable to Ordinary Equity Holders of the Company	(4,405)	(9,597)	5,192	54

The Group recorded revenue of RM3.66 million in current quarter higher than RM0.03 million in previous quarter, mainly due to project sales of network equipment and infrastructure in Non-payment segment in current quarter.

The loss before tax of RM4.9 million in current quarter, lower losses as compared to RM9.67 million in previous quarter mainly due to bad debts written off of RM5.1 million and intangible assets written off of RM2.82 million in previous quarter, mitigated by to loss on fair value adjustment on investment in MLAB System Berhad of RM3.9 million and share-based compensation expenses of RM0.5 million for share option granted to employees in current quarter.

## B3 FUTURE PROSPECTS

The Group has upgraded the GEM application and relaunching it with a new name – GEM Spot in December 2019, which is in-line with the company's new vision of putting a spotlight on all F&B merchants in Klang Valley through its new comprehensive F&B directory listing that allows users to search, get essential information, make plans and place their bookings conveniently all at once.

At the same time, GemSpot Lite, the merchant web application created to support the backend of F&B businesses has launched alongside GemSpot, focusing on the three main pillars of any F&B business which are sales, operations and marketing. The GemSpot Lite platform is set as a replacement for a merchant's business backend and will assist in reservation management, floor planning and even sales tracking, all within an easy-to-use and dynamic user interface.

In light of the ongoing COVID-19 pandemic which has resulted in a nationwide Movement Control Order (MCO) enforced by the Malaysian Government since 18th March 2020, GemSpot has pivoted its business model to now cater to on-demand food delivery with users being able to order food and beverages in-app as restaurants are currently unable to serve patrons in their outlets and are compelled to resort to takeaway and delivery options for retail survival.

At this juncture, the Group plans to maintain the on-demand food delivery feature as a permanent component of the GEM Universe ecosystem. GemSpot will also offer digital marketing support through its unique Key Opinion Leader (KOL) marketing program which will be built into the existing GemSpot app platform and is meant to function as a marketing awareness tool for businesses. The first phase of development for these enhancements have commenced in April 2020 and is expected to be fully completed by stages in early December 2020.

### B3 FUTURE PROSPECTS (CONTINUED)

The Group also recognizes that while e-wallets as a financial payment product have a legitimate place in our financial system, there is a further need and opportunity to build an ecosystem for both merchants and e-wallet companies to work together and leverage off each other's industrial capabilities. The focus moving forward would be to build up the entire user experience with GEM's platform ecosystem that is meant to grow both user base and increase the touchpoints for merchants who are looking to elevate their businesses. This will ultimately improve the overall internal structure of financial management and benefit all parties.

Whilst we remain cautious over the outlook of the economy, the Group will continue to seek new business opportunities to invest in as it has adequate funds for such purposes. The Group will continue to reinvent and improve the business and will take affirmative steps to expand the Group's scope. 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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter Ended</b>	<b>Preceding Year Corresponding Quarter Ended</b>	<b>Current Year To date Ended</b>	<b>Preceding Year To date Ended</b>
	<b>29.2.2020</b>	<b>28.2.2019</b>	<b>29.2.2020</b>	<b>28.2.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	333	N/A	333	N/A
Amortisation of intangible assets	300	N/A	300	N/A
Property, plant and equipment written off	1	N/A	1	N/A
Interest expense	30	N/A	30	N/A
Foreign exchange (gain) / loss	191	N/A	191	N/A
Interest income	(3)	N/A	(3)	N/A
Rental income	(23)	N/A	(23)	N/A
FV (Gain)/Loss on Investment	3,918	N/A	3,918	N/A
Share-based Compensation expenses	505	N/A	505	N/A

## B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To date Ended	Preceding Year To date Ended
	29.2.2020	28.2.2019	29.2.2020	28.2.2019
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	1	N/A	1	N/A
- Deferred taxation	-	N/A	-	N/A
Total	1	N/A	1	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.

The Private Placement was completed on 21 April 2020 following the listing and quotation of 390,038,800 placement shares on the Ace Market of Bursa Securities, raising RM4,668,357 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.

**A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED (CONTINUED)**

<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	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 was 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>Propose 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	6,504	-	Within 36 months
Expenses for the Private Placement	108	108	-	Immediate
	<u>6,612</u>	<u>6,612</u>	<u>-</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.

<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>
Development of the GEM application	6,000	6,000	-	Within 24 months
Marketing costs for the GEM application	6,514	5,722	792	Within 24 months
Expenses for the Private Placemer	300	300	-	Immediate
	<u>12,814</u>	<u>12,022</u>	<u>792</u>	



## B8 GROUP BORROWINGS AND DEBT SECURITIES

	<b>As at 29.2.2020 Unaudited RM'000</b>	<b>As at 30.11.2019 Audited RM'000</b>
<b>Short term borrowing</b>		
Term loan - Secured	<u>334</u>	<u>329</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>1,698</u>	<u>1,779</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 5.87% per annum.

## B9 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter ended 29 February 2020.

## 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter Ended 29.2.2020</b>	<b>Preceding Year Corresponding Quarter Ended 28.2.2019</b>	<b>Current Year Todate Ended 29.2.2020</b>	<b>Preceding Year Todate Ended 28.2.2019</b>
Net profit/(loss) attributable to owners of the parent (RM)	<u>(4,405,000)</u>	N/A	<u>(4,405,000)</u>	N/A
Weighted average number of ordinary shares	<u>3,710,717,686</u>	N/A	<u>3,710,717,686</u>	N/A
Basic profit/(loss) per share (sen)	<u>(0.12)</u>	N/A	<u>(0.12)</u>	N/A

**B11 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 30 November 2019 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.