

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR CURRENT QUARTER AND YEAR ENDED 30 NOVEMBER 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/11/2020 RM'000	PRECEDING YEAR QUARTER 30/11/2019 **	CURRENT YEAR TO DATE 30/11/2020 RM'000	PRECEDING YEAR TO DATE 30/11/2019 **
REVENUE	3,418	N/A	14,897	N/A
COST OF SALES	(1,252)	N/A	(5,983)	N/A
GROSS PROFIT	2,166	N/A	8,914	N/A
OTHER INCOME	1,145	N/A	2,435	N/A
ADMINISTRATION EXPENSES	(6,635)	N/A	(14,147)	N/A
OTHER OPERATING EXPENSES	(11,354)	N/A	(14,004)	N/A
PROFIT / (LOSS) FROM OPERATIONS	(14,678)	N/A	(16,802)	N/A
FINANCE COST	(27)	N/A	(117)	N/A
PROFIT / (LOSS) BEFORE TAX	(14,705)	N/A	(16,919)	N/A
INCOME TAX EXPENSES	(109)	N/A	(112)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD	(14,814)	N/A	(17,031)	N/A
OTHER COMPREHENSIVE INCOME	983	N/A	588	N/A
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(13,831)	N/A	(16,443)	N/A
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(13,733)	N/A	(15,762)	N/A
NON-CONTROLLING INTEREST	(1,081)	N/A	(1,269)	N/A
	(14,814)	N/A	(17,031)	N/A
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(12,820)	N/A	(15,234)	N/A
NON-CONTROLLING INTEREST	(1,011)	N/A	(1,209)	N/A
	(13,831)	N/A	(16,443)	N/A
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.29)	N/A	(0.34)	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

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.

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020**

	AS AT 30 Nov 2020 Unaudited RM'000	AS AT 30 Nov 2019 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	12,009	10,568
Right Of Use Asset	58	-
Intangible Assets	13,853	20,792
Marketable Securities	13,524	7,326
	<u>39,444</u>	<u>38,686</u>
<u>CURRENT ASSETS</u>		
Inventories	2	16
Trade Receivables	7,968	4,062
Other Receivables, Deposits and Prepayment	19,292	2,162
Tax Recoverable	-	1
Short Term Investment	40,055	-
Cash and Bank Balances	60,993	35,229
	<u>128,310</u>	<u>41,470</u>
TOTAL ASSETS	<u><u>167,754</u></u>	<u><u>80,156</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	205,877	103,280
Warrant Reserve	54,505	-
Foreign Exchange Reserve	354	(174)
Retained Profits	(94,365)	(24,098)
	<u>166,371</u>	<u>79,008</u>
Non-Controlling Interest	(3,910)	(2,701)
TOTAL EQUITY	<u><u>162,461</u></u>	<u><u>76,307</u></u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing (Mortgage)	1,658	1,779
	<u>1,658</u>	<u>1,779</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	2,480	422
Other Payables and Accruals	309	1,198
Lease Liability	59	-
Deferred Income	344	121
Short Term Borrowing (Mortgage)	336	329
Tax liabilities	107	-
	<u>3,635</u>	<u>2,070</u>
TOTAL LIABILITIES	5,293	3,849
TOTAL EQUITIES AND LIABILITIES	<u><u>167,754</u></u>	<u><u>80,156</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.03	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 NOVEMBER 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		
As at 1 December 2019	103,280	-	-	(174)	(24,098)	79,008	(2,701)	76,307
Total Comprehensive income for the financial period	-	-	-	528	(15,762)	(15,234)	(1,209)	(16,443)
Transactions with owners:								
Share Issuance	9,359	-	-	-	-	9,359	-	9,359
Share options granted under SIS	-	1,677	-	-	-	1,677	-	1,677
Issuance of shares under SIS	11,840	(1,677)	-	-	-	10,163	-	10,163
Issuance of Right shares	81,398	-	-	-	-	81,398	-	81,398
Allocation of Warrant reserve	-	-	54,505	-	(54,505)	-	-	-
As at 30 November 2020	205,877	-	54,505	354	(94,365)	166,371	(3,910)	162,461
As at 1 December 2018 **	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
As at 30 November 2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 NOVEMBER 2020

	CURRENT YEAR TO DATE 30/11/2020 RM'000	PRECEDING YEAR TO DATE 30/11/2019 **
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(16,919)	N/A
Adjustment for:		
Depreciation of property, plant and equipment	2,456	N/A
Depreciation of Right of use assets	116	
Amortisation of intangible assets	1,225	N/A
Amortisation of deferred income	(207)	N/A
Allowance for doubtful debts	148	N/A
Intangible assets written off	19	N/A
Impairment on intangible assets	8,052	N/A
Inventories written off	14	N/A
Bad debts written off	65	N/A
Share-based payment expenses accrued	1,677	N/A
Property, plant and equipment written off	627	N/A
Loss on fair value revaluation on investment	2,102	N/A
Unrealised foreign exchange (gain)/loss	2,336	N/A
Interest expense	117	N/A
Interest income	(1,647)	N/A
Operating (loss)/profit before working capital changes	181	N/A
Decrease / (Increase) in current assets	(24,761)	N/A
Increase / (Decrease) in current liabilities	(38)	N/A
Advance receipts for deferred income	430	N/A
Cash Used in Operations	(24,188)	N/A
Tax Refund / (Paid)	(4)	N/A
Interest received	1,647	N/A
Interest paid	(117)	N/A
Net Cash Used in Operations	(22,662)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,017)	N/A
Acquisition of intangible assets	(2,471)	N/A
Investment on quoted shares	(8,442)	-
Net Cash From/(Used in) Investing Activities	(11,930)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	100,919	N/A
Repayment of term loans	(114)	N/A
Repayment of lease liabilities	(115)	N/A
Net Cash Used in Financing Activities	100,690	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	66,098	N/A
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	35,229	N/A
EFFECT ON FOREIGN CURRENCY TRANSLATION	(279)	N/A
CASH AND CASH EQUIVALENTS CARRIED FORWARD	101,048	N/A
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	60,993	N/A
Short Term Investment	40,055	N/A
	101,048	N/A

** 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 ENDED
30 NOVEMBER 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

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 superseded MFRS 117 Leases, introduces a single lease accounting for lessees on statements of financial position. A lessee recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

MFRS 16 Leases (cont'd)

Right-of-use assets and lease liabilities are disclosed as a single line in the statement of financial position.

The Group elects to apply MFRS 16 retrospectively with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognized in retained profits and reserves as at 1 December 2019.

The impact on the changes to the accounting policies applied to lease contracts entered into by the Group as compared to those applied in previous financial statements are disclosed as below:

	As reported at 30 November 2019	Estimated adjustments due to adoption of MFS 16	Estimated adjusted opening balance at 1 December 2019
Right-of-use assets	-	173,714	173,714
Lease liabilities	-	(173,714)	(173,714)
Accumulated lossess	<u>(24,098,074)</u>	-	<u>(24,98,074)</u>

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
Amendment to MFRS 16	Leases: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts #	1 January 2021
Amendment to MFRS 101	Presentation of Financial Statements	1 January 2022
Annual Improvements to MFRS 2018 – 2020 cycle	MFRS 1 First-time Adoption of MFRS	1 January 2022
	MFRS 9 Financial Instrument	1 January 2022
	MFRS 16 Leases	1 January 2022
	MFRS 141 Agriculture #	1 January 2022
Amendment to MFRS 3	Business Combination	1 January 2022
Amendment to MFRS 116	Property, Plant and Equipment	1 January 2022
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts	1 January 2022
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 and year ended 30 November 2020.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter and year ended 30 November 2020.

A5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter and year ended 30 November 2020 other than as disclosed below:

- 1) 200,000,000 ordinary shares were issued under Share Issuance Scheme during 1st quarter.
- 2) 368,484,500 ordinary shares were issued under Share Issuance Scheme during 2nd quarter
- 3) 390,038,800 ordinary shares were issued under Private Placement during 2nd quarter
- 4) 186,961,000 ordinary shares were issued under Share Issuance Scheme during 3rd quarter.
- 5) 459,891,000 ordinary shares were issued under Private Placement during 3rd quarter.
- 6) On 25 September 2020, the total ordinary shares of 5,245,763,316 shares were consolidated into 209,830,512 consolidated shares.
- 7) 626,136,825 ordinary shares and 313,068,412 warrants were issued under Right Issue with warrants on 27 October 2020.

A6 DIVIDENDS PAID

No dividends were paid during current quarter and year ended 30 November 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
2020					
Revenue					
External revenue	364	12,488	2,045	-	14,897
Inter-company	352	-	7	(359)	-
	<u>716</u>	<u>12,488</u>	<u>2,052</u>	<u>(359)</u>	<u>14,897</u>
Results					
Segment operating profit/(loss)	(771)	(1,137)	(3,325)	-	(5,233)
Other operating income					2,435
Other operating expenses					(14,004)
Finance costs					(117)
Loss before taxation					(16,919)
Tax expenses					(112)
Loss after taxation					(17,031)
Non-controlling interests					1,269
Loss attributable to owners of the Company					<u>(15,762)</u>

A7 SEGMENTAL INFORMATION (CONTINUED)

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Elimination RM'000	Total RM'000
Segments assets	42,643	29,447	37,392	-	109,482
Other investments and market securities					58,272
Total assets					167,754
Segments liabilities	90	2,835	374	-	3,299
Term loan					1,994
Total liabilities					5,293

A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A9 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during current quarter and year ended 30 November 2020 other than as disclosed below:

- 1) On 28 February 2020, Gem Live Sdn Bhd, a wholly-owned subsidiary company had incorporated a new subsidiary company namely Gem Excite Sdn Bhd.
- 2) On 17 March 2020, the Company has incorporated a new subsidiary company namely E-Fx Sdn Bhd.
- 3) On 3 September 2020, NetX Digital Limited, a wholly-owned subsidiary company has incorporated a new subsidiary company namely NetX Digital Taiwan Limited.

A10 CONTINGENT LIABILITIES

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

A11 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 14 December 2020, Gem Pay Sdn Bhd, a subsidiary company had entered into a Sale and Purchase of Shares Agreement (“SPA”) with Mr Foo Jee Hai for the acquisition of 1,800,000 ordinary shares in Emicro Capital (M) Sdn Bhd (“Emicro”), representing 60% of the total issued and paid-up share capital of Emicro for a total consideration of RM1,200,000. Upon completion of the acquisition, Emicro will become 60% owned subsidiary. All Conditions Precedent pursuant to the SPA have been fulfilled by the parties on 20 January 2021, marking the completion of the proposed acquisition of Emicro.
- 2) On 14 December 2020, Gem Pay Sdn Bhd, a subsidiary company had entered into a Shares Subscription Agreement with Emicro Capital (M) Sdn Bhd (“Emicro”) for the subscription of up to 3,00,000 Redeemable Convertible Preference Share (“RCPS”) in Emicro at the issue price of RM1.00 per RCPS in multiple tranches for a total consideration of RM3,000,000.
- 3) On 8 December 2020, First United Technology Ltd, a subsidiary company had subscribed 52,138,500 new ordinary shares with 30,414,125 free Warrants C of Mlabs Systems Berhad (“Mlabs”) for a total consideration of RM4,692,465 in cash via the subscription of the right shares of Mlabs at at issue price of RM0.09 each, representing 5.92% of the enlarged share capital in Mlabs.
- 4) On 14 December 2020, First United Technology Ltd, a subsidiary company had disposed 30,414,125 Warrants C of Mlabs Systems Berhad for a total consideration of RM756,082 to the open market.
- 5) First United Technology Ltd, a subsidiary company had from 16 December 2020 to 31 December 2020 disposed to the open market an aggregate 59,828,250 ordinary shares of Mlabs Systems Berhad (“Mlabs”) for a total consideration of RM5,016,318, and ceased to be substantial shareholders of Mlabs on 16 December 2020.
- 6) On 29 December 2020, 213,412,750 share options were offered to eligible employee at an exercise price of option of RM0.135 each.
- 7) On 21 January 2021, the Board of Directors has approved the extension of the timeframe of up to 48 months from the date of completion of the Share Issuance at 19 January 2019 for the full utilisation of the proceeds raised from the Share Issuance to Macquarie Bank Limited.
- 8) On 26 January 2021, First United Technology Ltd, a subsidiary company had disposed 11,000,000 ordinary shares in K-Star Sports Limited to the open market. The total percentage of shareholdings in K-Star Sports Limited after the disposal of shares has reduced from 7.17% to 4.94%.

A12 CAPITAL COMMITMENTS

The amounts of commitments not provided for as at 30 November 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	-

A13 RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties during current quarter and year ended 30 November 2020.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes		Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	3,418	N/A	-	-	14,897	N/A	-	-
Gross Profit	2,166	N/A	-	-	8,914	N/A	-	-
Loss Before Interest and Tax	(14,678)	N/A	-	-	(16,802)	N/A	-	-
Loss Before Tax	(14,705)	N/A	-	-	(16,919)	N/A	-	-
Loss After Tax	(14,814)	N/A	-	-	(17,031)	N/A	-	-
Loss Attributable to Ordinary Equity Holders of the Company	(13,733)	N/A	-	-	(15,762)	N/A	-	-

For the current quarter ended 30 November 2020, the Group recorded revenue of RM3.42 million. The revenue was generated from Non-Electronic Payment segment and GEM segment. The revenue mainly derived from project sales of network equipment and infrastructure in Non-Payment Services Segment and sales of GEM software and solutions.

The Group recorded a loss before taxation for the current quarter of RM14.71 million, mainly due to impairment on intangible assets of RM8.05 million, unrealized forex loss of RM2.66 million, loss on fair value adjustment on investment in public listed company of RM2.07 million, terminals written off of RM0.63 million, and resources invested for expansion and promotion of the business.

For the year ended 30 November 2020, the Group recorded revenue of RM14.90 million, which mainly derived from project sales of network equipment and infrastructure in Non-Payment Services Segment, sales of GEM software and solutions and rental of EFTPOS terminal to merchants.

The Group recorded a loss before taxation of RM16.92 million for year ended 30 November 2020, mainly due to impairment on intangible assets of RM8.05 million, resources invested for expansion and promotion of the business, share-based compensation expenses of RM1.68 million for share option granted to employees, forex loss of RM1.81 million, loss on fair value adjustment on investment in public listed company of RM2.1 million, professional fees on corporate exercise of RM1.00 million and terminal written off of RM0.63 million.

B1 PERFORMANCE REVIEW (CONTINUED)

Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes		Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	86	N/A	-	-	364	N/A	-	-
Gross Profit	30	N/A	-	-	131	N/A	-	-
Loss Before Interest and Tax	(7,464)	N/A	-	-	(8,052)	N/A	-	-
Loss Before Tax	(7,464)	N/A	-	-	(8,052)	N/A	-	-
Loss After Tax	(7,464)	N/A	-	-	(8,052)	N/A	-	-

For the current quarter and year ended 30 November 2020, Electronic payment services segment reported revenue of RM0.086 million and RM0.36 million respectively. The revenue mainly derived from rental of EFTPOS terminal to merchants.

The loss before tax of RM7.46 million in current quarter and RM8.05 million in year ended 30 November 2020, mainly due to impairment on intangible assets of RM6.45 million, terminals written off of RM0.63 million, allowance of doubtful debts and bad debts written off of RM0.17 million and minimum resources required to service the merchants.

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes		Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes	
Non -Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	1,480	N/A	-	-	12,488	N/A	-	-
Gross Profit	1,383	N/A	-	-	8,011	N/A	-	-
Profit Before Interest and Tax	(2,993)	N/A	-	-	1,167	N/A	-	-
Profit Before Tax	(3,020)	N/A	-	-	1,050	N/A	-	-
Profit After Tax	(3,129)	N/A	-	-	938	N/A	-	-

This segment achieved revenue of RM1.48 million in current quarter and RM12.49 million in year ended 30 November 2020, 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 loss before tax of RM3.02 million in current quarter, mainly due to forex loss of RM2.14 million. The profit before tax of RM1.05 million for year ended 30 November 2020, mainly due to gross profit from the project sales, reduced by general & administration expenses and forex loss of RM1.81 million.

B1 PERFORMANCE REVIEW (CONTINUED)

GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes RM'000 %		Ended 30.11.2020 RM'000	Ended 30.11.2019 RM'000	Changes RM'000 %	
GEM								
Revenue	1,852	N/A	-	-	2,045	N/A	-	-
Gross Profit	753	N/A	-	-	772	N/A	-	-
Loss Before Interest and Tax	(2,152)	N/A	-	-	(6,138)	N/A	-	-
Loss Before Tax	(2,152)	N/A	-	-	(6,138)	N/A	-	-
Loss After Tax	(2,152)	N/A	-	-	(6,138)	N/A	-	-

This segment recorded a loss before tax of RM2.15 million in current quarter and RM6.14 million in year ended 30 November 2020 mainly due to impairment on intangible assets of RM1.60 million and 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 30.11.2020 RM'000	Ended 31.08.2020 RM'000	Changes RM'000 %	
Group Results				
Revenue	3,418	4,666	(1,248)	(27)
Gross Profit	2,166	2,012	154	8
Profit Before Interest and Tax	(14,678)	(1,293)	(13,385)	(1,035)
Profit Before Tax	(14,705)	(1,323)	(13,382)	(1,011)
Profit After Tax	(14,814)	(1,324)	(13,490)	(1,019)
Profit Attributable to Ordinary Equity Holders of the Company	(13,733)	(1,303)	(12,430)	(954)

The Group recorded revenue of RM3.42 million in current quarter, lower than RM4.67 million in previous quarter, mainly due to lower revenue in project sales of network equipment and infrastructure in Non-payment segment.

The Group recorded loss before tax of RM14.71 million in current quarter, higher loss as compared to RM1.32 million in previous quarter, mainly due to impairment on intangible assets of RM8.05 million, loss on fair value adjustment on investment in public listed company of RM2.07 million as compared to gain on fair value adjustment on investment in public listed company of RM2.69 million in previous quarter, terminals written off of RM0.63 million, allowance of doubtful debts and bad debts written off of RM0.21 million.

B3 FUTURE PROSPECTS

Through GemSpot Lite, the Group offers F&B merchants a variety of in-house marketing services such as photoshoots, videography, copywriting and graphic design. These services appeal to smaller F&B helps position GemSpot Lite as a one-stop provider for the merchant's marketing needs. Merchants are also able to access the mobile application space by listing and promoting their event / venue in GemSpot at a relatively cheaper cost as opposed to developing and maintaining their own proprietary mobile application.

In light of the ongoing COVID-19 pandemic, GemSpot has pivoted its business model in March 2020 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.

The Group intends to undertake the development of a F&B e-commerce platform, marketing of GemSpot and GemSpot Lite and enhancement of GemSpot and GemSpot Lite by way of incorporating a business intelligence and data analytics system. The business intelligence and data analytics system is expected to allow the Group to obtain meaningful and useful insights on consumer preferences, buying behaviours which allows for the Group to better enhance the consumers' experiences and allow the F&B merchants to adopt a more tailored and targeted marketing and advertising strategies. By leveraging on its business intelligence and data analytics system, the Group is also better able to tailor its marketing strategies and tap into the F&B market efficiently and effectively.

The Group has on 14 December 2020, via Gem Pay Sdn Bhd ("Gem Pay") acquired 60% equity stake in Emicro Capital (M) Sdn Bhd ("Emicro"). Emicro is primarily involved in the licensed money lending business. In today's challenging retail and economic environment, merchants are looking for trusted way to help drive average order values and conversion. The consumers are looking for more flexible and responsible ways to purchase their needs. This acquisition is intended to allow NetX to venture into the microfinancing of mobile prepaid credit and buy now, pay later strategy to diversify the revenue steam of the Group.

Gem Pay will also work closely with Emicro to secure the digital money lending license. By leveraging Emicro's top in-class digital technology, SMEs and general public will only be required to undergo an easy and fast online application, in the event of the application being approved, the requested funding will be deposited into the bank accounts within 6 hours. Emicro's artificial intelligence and machine learning will be able to help identifying the creditability of customers, as well as ensuring the financial position of the Group.

Whilst we remain cautious over the outlook of the economy, the Group will continue to explore new business opportunities to invest. 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 2021.

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 Ended	Preceding Year Ended
	30.11.2020 RM'000	30.11.2019 RM'000	30.11.2020 RM'000	30.11.2019 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	1,443	N/A	2,456	N/A
Depreciation of Right of Use Asset	116	N/A	116	N/A
Amortisation of intangible assets	301	N/A	1,225	N/A
Bad debts written off	65	N/A	65	N/A
Property, plant and equipment written off	626	N/A	627	N/A
Intangible Assets written off	19	N/A	19	N/A
Impairment of intangible assets	8,052	N/A	8,052	N/A
Interest expense	27	N/A	117	N/A
Foreign exchange (gain) / loss	2,139	N/A	1,811	N/A
Interest income	(466)	N/A	(1,647)	N/A
Rental income	(65)	N/A	(141)	N/A
FV (Gain)/Loss on Investment	2,069	N/A	2,102	N/A
Share-based Compensation expenses	-	N/A	1,677	N/A
Reversal of impairment	(74)	N/A	(74)	N/A
Allowance for doubtful debts	222	N/A	222	N/A

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	30.11.2020 RM'000	30.11.2019 RM'000	30.11.2020 RM'000	30.11.2019 RM'000
Current period				
- Income taxation	(2)	N/A	1	N/A
- Deferred taxation	111	N/A	111	N/A
Total	109	N/A	112	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 CORPORATE PROPOSALS

There were no other corporate proposals which had been announced by the Company and are pending for completion as at end of current quarter other than as disclosed below:

- 1) 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. To date, there is no material development pertaining to this MOU.
- 2) On 9 October 2020, Gem Pay Sdn Bhd, a subsidiary company had entered into a Memorandum of Understanding with XOX Media Sdn Bhd, a wholly owned subsidiary of XOX Bhd, for the purpose to discuss, explore and enter into negotiations in respect of a business arrangement to provide and rent to XOX Media Sdn Bhd of up to 1,000 units of contactless payment terminals an/or cashless e-wallet payment solutions to be incorporated into smart vending machines. To date, both parties are working on the business arrangement.

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 for the Company.

MPEX has been enhanced to be a payment exchange system that allows users to make payments, receive money, exchange with other currencies and withdraw money using other popular and established payment services and will be renamed as eFX system. The balance of proceeds available will be channelled towards the development and marketing of eFX system.

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Development and marketing of eFX System	20,000	9,044	10,956	Within 48 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>	

B8 STATUS OF UTILISATION OF PROCEEDS (cont'd)

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.

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	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.

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	6,381	133	Within 24 months
Expenses for the Private Placement	300	300	-	Immediate
	<u>12,814</u>	<u>12,681</u>	<u>133</u>	

** The Gem application has been rebranded to GemSpot and GemSpot Lite in December 2019. The balance of proceeds available will be channelled towards the marketing of the rebranded application.

B8 STATUS OF UTILISATION OF PROCEEDS (cont'd)**D) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)**

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. 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.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Rebranding and upgrading of the GEM application	4,573	1,231	3,342	Within 12 months
Expenses for the Private Placement	95	95	-	Immediate
	<u>4,668</u>	<u>1,326</u>	<u>3,342</u>	

E) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 29 May 2020, the Company proposed to undertake the private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors. The Private Placement was completed on 16 June 2020 following the listing and quotation of 459,891,000 placement shares on the Ace Market of Bursa Securities, raising RM4,690,888 for the Company

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Enhancement of GemSpot and GemSpot Lite	4,581	502	4,079	Within 12 months
Expenses for the Private Placement	110	110	-	Immediate
	<u>4,691</u>	<u>612</u>	<u>4,079</u>	

B8 STATUS OF UTILISATION OF PROCEEDS (cont'd)

F) SHARE CONSOLIDATION AND RIGHTS ISSUE WITH WARRANTS

On 14 August 2020, the Company revised its proposal to undertake the consolidation of every 25 ordinary shares in NetX (“NetX Shares” or “Shares”) into 1 NetX Share (“Share Consolidation”); and renounceable rights issue of up to 629,491,596 new Shares (“Rights Shares”) together with up to 314,745,798 free detachable warrants in NetX (“Warrants C”) on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Share (after the Share Consolidation) held by the entitled shareholders (“Rights Issue with Warrant”). The Rights Issue with Warrant has been completed on 3 November 2020 following the listing and quotation of 626,136,825 Rights Shares and 313,068,412 Warrants C, raising RM81,397,787 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of a F&B e-commerce platform	5,000	-	5,000	Within 18 months
Marketing of GemSpot and GemSpot Lite	25,000	-	25,000	Within 36 months
Development and intergration of business intelligence and data analytics system	8,000	-	8,000	Within 36 months
Investment or partnership in other complementary businesses or assets	25,000	-	25,000	Within 36 months
Working capital	17,498	282	17,216	Within 24 months
Expenses for the Right Issue	900	900	-	Immediate
	<u>81,398</u>	<u>1,182</u>	<u>80,216</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.11.2020 Unaudited RM'000	As at 30.11.2019 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>336</u>	<u>329</u>
Long term borrowing		
Term loan - Secured	<u>1,658</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 3.69% per annum.

B10 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter and year to date ended 30 November 2020.

B11 EARNINGS PER SHARE

(a) Basic

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	30.11.2020	30.11.2019	30.11.2020	30.11.2019
Net profit/(loss) attributable to owners of the parent (RM)	<u>(13,733,000)</u>	<u>N/A</u>	<u>(15,762,000)</u>	<u>N/A</u>
Weighted average number of ordinary shares	<u>4,817,590,929</u>	<u>N/A</u>	<u>4,600,942,595</u>	<u>N/A</u>
Basic profit/(loss) per share (sen)	<u>(0.29)</u>	<u>N/A</u>	<u>(0.34)</u>	<u>N/A</u>

(b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 30 November 2020 together with the exercise price were higher than the market value of the ordinary shares. Accordingly, there was no assumed full conversion of the warrants into ordinary shares which could result in the dilution of the Company's earnings per share

B12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 November 2019 was not subject to any qualification.

B13 AUTHORISATION FOR ISSUE

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