

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR CURRENT QUARTER AND YEAR TODATE ENDED 30 NOVEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/11/2021 RM'000	PRECEDING YEAR QUARTER 30/11/2020 RM'000	CURRENT YEAR TO DATE 30/11/2021 RM'000	PRECEDING YEAR TO DATE 30/11/2020 RM'000
REVENUE	35,332	3,418	81,099	14,897
COST OF SALES	(34,538)	(1,252)	(78,837)	(5,983)
GROSS PROFIT	794	2,166	2,262	8,914
OTHER INCOME	2,749	1,184	6,960	2,474
ADMINISTRATION EXPENSES	(3,548)	(7,120)	(13,627)	(15,556)
OTHER OPERATING EXPENSES	(9,352)	(11,002)	(17,637)	(12,728)
PROFIT / (LOSS) FROM OPERATIONS	(9,357)	(14,772)	(22,042)	(16,896)
FINANCE COST	(424)	(27)	(521)	(117)
PROFIT / (LOSS) BEFORE TAX	(9,781)	(14,799)	(22,563)	(17,013)
INCOME TAX EXPENSES	3	(125)	(1)	(128)
NET PROFIT / (LOSS) FOR THE PERIOD	(9,778)	(14,924)	(22,564)	(17,141)
OTHER COMPREHENSIVE INCOME	(522)	1,099	(1,090)	704
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(10,300)	(13,825)	(23,654)	(16,437)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(8,968)	(13,843)	(20,932)	(15,871)
NON-CONTROLLING INTEREST	(810)	(1,081)	(1,632)	(1,270)
	(9,778)	(14,924)	(22,564)	(17,141)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(9,446)	(12,813)	(21,931)	(15,227)
NON-CONTROLLING INTEREST	(854)	(1,012)	(1,723)	(1,210)
	(10,300)	(13,825)	(23,654)	(16,437)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(1.07)	(0.29)	(2.50)	(0.34)

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 NOVEMBER 2021**

	AS AT 30 Nov 2021 Unaudited RM'000	AS AT 30 Nov 2020 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Plant and Equipment	5,182	6,252
Investment Properties	37,261	5,781
Right Of Use Asset	443	58
Intangible Assets	12,785	13,853
Other Investments	6,633	13,524
Goodwill on Consolidation	5,921	-
	<u>68,225</u>	<u>39,468</u>
<u>CURRENT ASSETS</u>		
Inventories	161	2
Trade Receivables	2,253	7,988
Other Receivables, Deposits and Prepayment	19,740	19,699
Current Tax Assets	56	5
Short Term Investment	25,638	40,055
Cash and Bank Balances	64,973	60,593
	<u>112,821</u>	<u>128,342</u>
TOTAL ASSETS	<u><u>181,046</u></u>	<u><u>167,810</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	205,877	205,877
Warrant Reserve	19,226	19,226
Foreign Exchange Reserve	(529)	470
Retained Profits	(80,127)	(59,195)
	<u>144,447</u>	<u>166,378</u>
Non-Controlling Interest	(4,703)	(3,911)
TOTAL EQUITY	<u>139,744</u>	<u>162,467</u>
<u>NON-CURRENT LIABILITIES</u>		
Term Loan	31,776	1,624
Lease liability	46	-
Deferred Tax Liability	139	127
	<u>31,961</u>	<u>1,751</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	3,303	2,432
Other Payables and Accruals	1,371	387
Amount due to directors	3	-
Lease Liabilities	401	59
Contract Liabilities	1,991	344
Term Loan	2,272	370
	<u>9,341</u>	<u>3,592</u>
TOTAL LIABILITIES	41,302	5,343
TOTAL EQUITIES AND LIABILITIES	<u><u>181,046</u></u>	<u><u>167,810</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.17	0.20

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR TODATE ENDED 30 NOVEMBER 2021

	← 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			
As at 1 December 2020	205,877	-	19,226	470	(59,195)	166,378	(3,911)	162,467
Loss after taxation	-	-	-	-	(20,932)	(20,932)	(1,632)	(22,564)
Other Comprehensive loss:								
Foreign Currency translation reserve	-	-	-	(999)	-	(999)	(91)	(1,090)
Total Comprehensive loss for the financial period	-	-	-	(999)	(20,932)	(21,931)	(1,723)	(23,654)
Transactions with owners:								
Acquisition of subsidiary	-	-	-	-	-	-	931	931
Total Transactions with owners:	-	-	-	-	-	-	931	931
As at 30 November 2021	205,877	-	19,226	(529)	(80,127)	144,447	(4,703)	139,744
As at 1 December 2019	103,280	-	-	(174)	(24,098)	79,008	(2,701)	76,307
Loss after taxation	-	-	-	-	(15,871)	(15,871)	(1,270)	(17,141)
Other Comprehensive loss:								
Foreign Currency translation reserve	-	-	-	644	-	644	60	704
Total Comprehensive loss for the financial period	-	-	-	644	(15,871)	(15,227)	(1,210)	(16,437)
Transactions with owners:								
Share Issuance	9,359	-	-	-	-	9,359	-	9,359
Provision of SIS reserve	-	1,677	-	-	-	1,677	-	1,677
Issuance of shares pursuant to exercise of SIS	11,840	(1,677)	-	-	-	10,163	-	10,163
Issuance of Right shares	81,398	-	-	-	-	81,398	-	81,398
Allocation of Warrant reserve	-	-	19,226	-	(19,226)	-	-	-
Total Transactions with owners:	102,597	-	19,226	-	(19,226)	102,597	-	102,597
As at 30 November 2020	205,877	-	19,226	470	(59,195)	166,378	(3,911)	162,467

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TODATE ENDED 30 NOVEMBER 2021

	CURRENT YEAR TO DATE 30/11/2021 RM'000	PRECEDING YEAR TO DATE 30/11/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(22,563)	(17,013)
Adjustment for:		
Amortisation of intangible assets	1,191	1,225
Bad debts written off	1	15
Depreciation of plant and equipment	2,299	2,400
Depreciation of investment properties	238	56
Depreciation of right of use assets	160	116
Dividend income	(634)	(71)
Fair value losses on other investments	3,247	2,086
Fair value losses on short-term investment	52	16
Unrealised foreign exchange (gain)/loss	(3,533)	2,431
Impairment (gain)/losses on intangible assets	3,378	8,052
Impairment losses on trade receivables	152	222
Intangible assets written off	2,590	19
Interest expense	521	117
Interest income	(862)	(1,576)
Inventories written off	2	14
Loss on disposal of investment	6,648	-
Plant and equipment written off	1	627
Reversal of impairment losses on trade receivables	(40)	(23)
Share-based payment expenses accrued	-	1,677
Operating (loss)/profit before working capital changes	<u>(7,152)</u>	<u>390</u>
Changes in contract assets / contract liabilities	1,644	223
Increase in inventories	(90)	-
Increase in receivables	(35)	(24,122)
Decrease in payables	<u>(1,995)</u>	<u>(1,452)</u>
Cash used in operations	<u>(7,628)</u>	<u>(24,961)</u>
Interest received	862	1,576
Tax paid	<u>(5)</u>	<u>(4)</u>
Cash used in operations activities	<u>(6,771)</u>	<u>(23,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(5,733)	(2,471)
Additions in other investments	-	(8,442)
Dividend received	634	71
Purchase of plant and equipment	(55)	(117)
Purchase of investment properties	-	(900)
Investment on quoted shares	(8,815)	-
Proceeds from disposal of investment	10,941	-
Acquisition of subsidiary	<u>(734)</u>	<u>-</u>
Net cash used in investing activities	<u>(3,762)</u>	<u>(11,859)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(521)	(117)
Withdrawal/(Placement) of short-term investment	14,366	(40,071)
Proceed from issuance of shares	-	102,596
Repayment of lease liabilities	(162)	(115)
Repayment of term loans	(629)	(114)
Share issuance expenses	-	(1,677)
Non-controlling interests investment in a subsidiary	179	-
Net cash generated from financing activities	<u>13,233</u>	<u>60,502</u>
Net increase in cash and cash equivalents	2,700	25,254
Cash and cash equivalents at the beginning of the financial year	60,593	35,229
Effect of exchange differences	1,680	110
Cash and cash equivalents at the end of the financial year	<u>64,973</u>	<u>60,593</u>
Cash and cash equivalents comprise:		
Short Term Investment	25,638	40,055
Cash and bank balances	<u>64,973</u>	<u>60,593</u>
	90,611	100,648
Less: Short term investment	<u>(25,638)</u>	<u>(40,055)</u>
	<u><u>64,973</u></u>	<u><u>60,593</u></u>

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR ENDED
30 NOVEMBER 2021**

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 November 2020. 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 November 2020.

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 November 2020 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>
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendment to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendment to MFRS 16	Leases: Covid-19-Related Rent Concessions	1 June 2020

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.

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>
Amendment to MFRS 9 and MFRS 4	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to MFRS 2018 – 2020 cycle	MFRS 1 First-time Adoption of MFRS MFRS 9 Financial Instrument MFRS 16 Leases MFRS 141 Agriculture #	1 January 2022

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective for annual periods beginning on or after</u>
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
MFRS 17	Insurance Contracts #	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
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 2021.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter and year ended 30 November 2021.

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 2021.

A6 DIVIDENDS PAID

No dividends were paid during current quarter and year ended 30 November 2021.

A7 SEGMENTAL INFORMATION

The Group's operating segments are classified according to the nature of activities as follows:-

Electronic Payment services and money lending : Involved in terminal, money lending business, trading of currencies, software licensing and other related services

A7 SEGMENTAL INFORMATION (CONTINUED)

- 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 and digital trading of precious commodities asset.
- GEM : Involved in provision of reservation and planning services and its related solutions.
- Others : Other segments comprise investment holding and dormant companies

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Others RM'000	Elimination RM'000	Total RM'000
2021						
Revenue						
External revenue	1,147	73,247	6,568	137	-	81,099
Inter-company	-	-	38	-	(38)	-
	<u>1,147</u>	<u>73,247</u>	<u>6,606</u>	<u>137</u>	<u>(38)</u>	<u>81,099</u>
Results						
Segment operating profit/(loss)	(3,146)	(1,469)	(3,885)	(2,952)	87	(11,365)
Other operating income						6,960
Other operating expenses						(17,637)
Finance costs						(521)
Loss before taxation						(22,563)
Tax expenses						(1)
Loss after taxation						(22,564)
Non-controlling interests the Company						1,632
						<u>(20,932)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	46,862	10,055	38,700	85,429	-	181,046
Total assets						<u>181,046</u>
Segments liabilities	898	5,697	238	34,330	-	41,163
Deferred tax liability						139
Total liabilities						<u>41,302</u>

A7 SEGMENTAL INFORMATION (CONTINUED)

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Others RM'000	Elimination RM'000	Total RM'000
2020						
Revenue						
External revenue	365	12,488	2,044	-	-	14,897
Inter-company	351	-	8	-	(359)	-
	716	12,488	2,052	-	(359)	14,897
Results						
Segment operating profit/(loss)	(786)	4,738	(4,534)	(6,060)	-	(6,642)
Other operating income						2,474
Other operating expenses						(12,728)
Finance costs						(117)
Loss before taxation						(17,013)
Tax expenses						(128)
Loss after taxation						(17,141)
Non-controlling interests the Company						1,270
						(15,871)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	42,672	29,479	37,388	58,271	-	167,810
Total assets						167,810
Segments liabilities	234	2,614	374	-	-	3,222
Term loan						1,994
Deferred tax liability						127
Total liabilities						5,343

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 2021 other than as disclosed below:

- 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 1 March 2021, Gem Pay Sdn Bhd, a subsidiary company has completed the subscription of first tranche of RCPS in Emicro Capital (M) Sdn Bhd, comprised of 1,000,000 RCPS of RM1.00 each pursuant to the SPA dated 14 December 2020.
- 3) On 3 September 2021, Netx Holdings Berhad had entered into 2 separate share sale agreements for the following :
 - a. Proposed acquisition of 1,000 ordinary shares and 9,800,000 irredeemable convertible preference shares in Sungei Wang Plaza Sdn Bhd (“SWP”), representing 100% equity interest in SWP, at a total cash consideration of RM10.00 only pursuant to a Share Sale Agreement (“Share Sale Agreement I”) entered with Sungei Wang Group Sdn Bhd; and
 - b. Proposed acquisition of 60,002 ordinary shares in Sungei Wang Holdings Sdn Bhd (“SWH”), representing 100% equity interest in SWH and 23,342,574 new ordinary shares to be issued by SWH to Tan Peng Koon, at a total cash consideration of RM10.00 only pursuant to a Share Sale Agreement (“Share Sale Agreement II”) entered with Tan Peng Koon and Chew Hui Khuan.

All Conditions Precedent pursuant to the Share Sale Agreement I and Share Sale Agreement II have been fulfilled by the parties on 1st October 2021, marking the completion of the proposed acquisition of Sungei Wang Plaza Sdn Bhd and Sungei Wang Holdings Sdn Bhd.

- 4) On 28 October 2021, E-FX Sdn. Bhd. (“EFX”), a wholly-owned subsidiary company had acquired 416,500 ordinary shares in Mountain Money Sdn. Bhd. (“MMSB”), representing 49% equity interest in MMSB, for a total consideration of RM171,500.00 only.

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 9 November 2021, the Company announced the extension of its existing Share Issuance Scheme which is expiring on 23 November 2021 for another 5 years until 23 November 2026 in accordance with the terms of the by-laws.
- 2) On 2 December 2021, the Company proposed to undertake the private placement of up to 167,193,400 new ordinary shares in NetX, representing up to approximately 20% of the total number of issued shares of the Company to third party investor(s). Bursa Securities has, vide its letter dated 23 December 2021, approved the listing and quotation of the placement shares to be issued pursuant to the Private Placement.
- 3) On 22 December 2021, Gem Pay Sdn Bhd, a subsidiary company has completed the subscription of Second tranche of RCPS in Emicro Capital (M) Sdn Bhd, comprised of 1,000,000 RCPS of RM1.00 each pursuant to the SPA dated 14 December 2020.

A12 CAPITAL COMMITMENTS

The amounts of commitments not provided for as at 30 November 2021 is as follows:

Approved and contracted for:	RM'000
Purchase of Property	<u>3,600</u>

A13 RELATED PARTY TRANSACTIONS

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes		Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	35,332	3,418	31,914	934	81,099	14,897	66,202	444
Gross Profit	794	2,166	(1,372)	(63)	2,262	8,914	(6,652)	(75)
Profit/(Loss) Before Interest and Tax	(9,357)	(14,772)	5,415	37	(22,042)	(16,896)	(5,146)	30
Profit/(Loss) Before Tax	(9,781)	(14,799)	5,018	34	(22,563)	(17,013)	(5,550)	(33)
Profit/(Loss) After Tax	(9,778)	(14,924)	5,146	34	(22,564)	(17,141)	(5,423)	(32)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(8,968)	(13,843)	4,875	35	(20,932)	(15,871)	(5,061)	(32)

For the current quarter ended 30 November 2021, the Group recorded revenue of RM35.33 million, higher as compared to RM3.42 million in the corresponding quarter in previous year. The higher revenue is mainly contributed from digital trading of precious commodities in eFX Sdn. Bhd, which is none in previous year and higher project sales of network equipment and infrastructure.

The gross profit margin for current quarter of 2% were lower as compared to 63% in the corresponding quarter in previous year mainly due to gross profit margin in digital trading of precious commodities were lower than gross profit margin from project sales of network equipment and infrastructure in previous year.

The Group recorded a loss before taxation for the current quarter of RM9.78 million, lower as compared to RM14.80 million in the corresponding quarter in previous year, mainly due to lower impairment loss on intangible assets by RM3.1mil and unrealized forex gain of RM0.92 mil vs unrealized forex loss of RM2.76 mil in previous year, mitigated by lower gross profit margin and intangible assets written off at NBV of RM1 mil in current quarter.

For year ended 30 November 2021, the Group recorded revenue of RM81.10 million, higher as compared to RM14.90 million in preceding year, mainly due to revenue in digital trading of precious commodities in Non-Payment Services Segment, which is none in previous year and higher revenue from distribution and trading of food and beverages in GEM segment.

Despite the revenue was higher, the gross profit margin for current year of 3% were lower as compared to 60% in previous year, mainly due to gross profit margin in digital trading of precious commodities in Non-Payment Services Segment and distribution and trading of food and beverages in GEM segment were lower than gross profit margin from project sales of network equipment and infrastructure in Non-Payment Services Segment in previous year.

B1 PERFORMANCE REVIEW (CONTINUED)

The Group recorded a loss before tax of RM22.56 million for current year, higher as compared to RM17.01 million in preceding year mainly due to lower gross profit margin, and realised loss on disposal of investment in public listed company of RM6.65 million in current year, mitigated by lower impairment loss on intangible assets by RM3.1 mil and unrealized gain on forex of RM3.53 mil this year against unrealized loss on forex of RM2.43 mil in previous year.

Electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes		Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes	
Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	730	87	643	739	1,147	365	782	214
Gross Profit	74	30	44	147	235	131	104	79
Loss Before Interest and Tax	(5,818)	(7,470)	1,652	22	(8,047)	(8,058)	11	0
Loss Before Tax	(5,874)	(7,470)	1,596	21	(8,103)	(8,058)	(45)	1
Loss After Tax	(5,874)	(7,470)	1,596	21	(8,103)	(8,058)	(45)	1

For the current quarter and year ended 30 November 2021, Electronic payment services segment achieved revenue of RM0.73 million and RM1.15 million respectively, higher compared to RM0.09 million in the corresponding quarter in previous year and RM0.36 million in preceding year respectively, mainly due to higher revenue in sales of terminal and new revenue from sales of foreign currency in current year.

The segment recorded loss before tax of RM5.87 million in current quarter, lower loss as compared to RM7.47 million in the corresponding quarter in previous year, mainly due to lower impairment loss on intangible assets. The loss before tax of RM8.10 million in current year, consistent with RM8.06 million in preceding year, mainly due to higher operating expenses on resources invested for maintaining newly acquired subsidiaries in licensed money lending business, Emicro Capital (M) Sdn Bhd Group and licensed money changer, Mountain Money Sdn Bhd, mitigated by lower impairment loss on intangible assets.

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes		Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes	
Non -Electronic Payment Segment			RM'000	%			RM'000	%
Revenue	33,730	1,480	32,250	2,179	73,247	12,488	60,759	487
Gross Profit	565	1,383	(818)	(59)	976	8,011	(7,035)	(88)
Profit/(Loss) Before Interest and Tax	211	652	(441)	(68)	(1,330)	4,927	(6,257)	(127)
Profit/(Loss) Before Tax	209	626	(417)	(67)	(1,335)	4,810	(6,145)	(128)
Profit/(Loss) After Tax	212	501	(289)	(58)	(1,336)	4,682	(6,018)	(129)

B1 PERFORMANCE REVIEW (CONTINUED)

Non-electronic Payment Services Segment (continued)

For the current quarter and year to-date ended 30 November 2021, Non-electronic payment services segment achieved revenue of RM33.73 million and RM73.25 million respectively, higher compared to RM1.48 million in the corresponding quarter in previous year and RM12.49 million in preceding year, mainly due to new revenue in digital trading of precious commodities in current quarter and current year.

The gross profit margin for current quarter of 1.68% and current year of 1.33% were lower than 93% and 64% in corresponding quarter in previous year and previous year respectively, mainly due to lower profit margin in digital trading of precious commodities compared to profit margin in project sales of network equipment and infrastructure in previous year.

This segment recorded profit before tax of RM0.21 million in current quarter and loss before tax of RM1.33 million in current year. As compared to profit before tax of RM0.63 million in the corresponding quarter in previous year and RM4.81 million in preceding year, current year results have lower profit mainly due to lower gross profit margin as mentioned above.

GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes		Ended 30.11.2021 RM'000	Ended 30.11.2020 RM'000	Changes	
GEM			RM'000	%			RM'000	%
Revenue	748	1,859	(1,111)	(60)	6,606	2,052	4,554	222
Gross Profit	61	753	(692)	(92)	982	772	210	27
Loss Before Interest and Tax	(2,099)	(2,147)	48	2	(4,901)	(6,133)	1,232	20
Loss Before Tax	(2,099)	(2,147)	48	2	(4,901)	(6,133)	1,232	20
Loss After Tax	(2,099)	(2,147)	48	2	(4,901)	(6,133)	1,232	20

GEM's revenue mainly derived from distribution and trading of food and beverages and advertising income. GEM segment achieved revenue of RM0.75 million this quarter and RM6.61 million in current year. As compared to RM1.86 million in the corresponding quarter in previous year and RM2.05 mil in preceding year, the significant growth of Gem's revenue mainly due to higher food delivery and gifting business as the Malaysia movement control order and the pandemic accelerated the trend of ordering online.

This segment achieved a lower loss before tax of RM2.10 million in current quarter and RM4.90 million in current year, as compared to RM2.15 million in corresponding quarter in previous year and RM6.13 million in preceding year, mainly due to impairment loss on intangible assets of RM1.6 mil in previous year, which is none in current year.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED AGAINST PRECEDING QUARTER

	Current Quarter	Preceding Quarter	Changes	
	Ended 30.11.2021 RM'000	Ended 31.08.2021 RM'000	RM'000	%
Group Results				
Revenue	35,332	27,787	7,545	27
Gross Profit	794	448	346	77
Profit/(Loss) Before Interest and Tax	(9,357)	(1,766)	(7,591)	(430)
Profit/(Loss) Before Tax	(9,781)	(1,787)	(7,994)	(447)
Profit/(Loss) After Tax	(9,778)	(1,789)	(7,989)	(447)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(8,968)	(1,767)	(7,201)	(408)

The Group recorded revenue of RM35.33 million in current quarter, higher as compared to RM27.79 million in previous quarter mainly due to new project sales of network equipment and infrastructure in Non-Payment Services Segment in current quarter approximately RM4 mil.

The Group recorded loss before tax of RM9.78 million in current quarter, higher loss as compared to RM1.79 million in previous quarter, mainly due to old intangible assets written off at net book value of RM1.02 mil, impairment on intangible assets of RM4.94 mil and loss on fair value adjustment on investment in public listed company of RM1.65 million.

B3 FUTURE PROSPECTS

Electronic Payment Services Segment

The COVID-19 pandemic has brought upon a slowdown in economic activities which negatively affected the cash flows of numerous entities, especially households from the low to medium income group as well as MSMEs. This represents an opportunity for the Group to expand its microfinancing business by granting financing to affected individuals and/or businesses. In view of the business opportunity, the Group has undertaken the Private Placement to expand its microfinancing business.

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 allows NetX to venture into the microfinancing of mobile prepaid credit and buy now, pay later strategy to diversify the revenue stream of the Group.

Gem Pay is working with eMicro to offer staff loan services to companies. By tapping into company HR records, the staffs will be able to withdraw their salary through eMicro platform in advance. In the event of emergency, the staff will be able to apply for the loan and receive the funds within 24 hours without need to go through tedious application process.

B3 FUTURE PROSPECTS (CONTINUED)

Electronic Payment Services Segment (continued)

eMicro is also working closely with XOX to offer Shariah Compliant Dealer Financing to XOX dealers. During the pandemic, a lot of people have lost their jobs or getting a pay cut from their employers, hence with this financing, eMicro hopes that able to help the dealers to get a boost for them to make more money and build a more sustainable career with XOX. The financing will be in the form of XOX Sim Cards & Prepaid Top Up, this is to make sure that the dealers doesn't abuse the financing.

eMicro has launched a new financing program for used car dealers. In the midst of an epidemic, SMEs segment including but not limited to the used car dealers is affected unprecedentedly. the new financing program aid that used car dealer to enhance their business performance in term of no of customers and revenue while back to normal and foreseeable future.

Further, the Group had also on 28 October 2021 acquired 49% equity interest in Mountain Money Sdn Bhd ("MMSB"), a licensed money changer registered under BNM. Moving forward, the Group intends to launch a digital platform which offers travellers with an option to purchase foreign currencies and collect the same at selected physical outlets and kiosk machines or opt for delivery to designated address.

Gem Pay has also partnered with a few payment gateway companies in Malaysia to offer online payment services to it's merchants. Gem Pay has received a lot of termination from merchant due to they have closed down their physical businesses because of the pandemic. That's why Gem Pay has decided to offer online payment gateway solutions to it's merchants. Till date, Gem Pay has secured quite a number of merchants that is using Gem Pay services in their online businesses and the numbers is growing.

Non-electronic Payment Services Segment

Under the non-electronic payment services segment, the Group provides systems integration and hardware solutions including the supply of network equipment and infrastructure on a project basis. While the Group endeavours to continue to procure projects for this segment, the project nature of such business is expected to contribute to the volatility in the Group's revenue. In addition to project-based services, the Group is also currently and will continue to involve in digital trading of precious commodities under the non-electronic payment services segment.

GEM Segment

The COVID-19 pandemic continues to affect the Malaysian economy, contributing to a more permanent shift in consumer's adaptation to digital technologies as a means of acquiring essential and non-essential goods. In 2021, the National COVID-19 Immunisation Programme officially commenced and the ongoing vaccine distribution throughout the country is showing positive results, paving a way for Malaysians and Malaysia towards economic recovery. The upcoming 2022 prospect is optimistic.

The Group has heavily invested its effort into supporting the GemSpot Biz platform by offering F&B and gifting merchants marketing support in the form of photography, videography, copywriting, digital marketing assets and campaign promotions. These services has appealed to both small and large operators, positioning GemSpot as one of the market leaders in its service areas.

In its further revamp, the GemSpot Biz platform has also gotten an upgrade, giving merchants the ability to promote their venue listings, manage their assets and be a part of an enhanced support ecosystem that is efficient, cost effective and relatively easy to use.

The Group is currently deep into the development of its F&B Celebrations e-Commerce channel with features built into its User Interface/Experience to disrupt the way ordinary people think of and plan for an occasion in their everyday lives. Designed and developed on the foundation of insights and analytics garnered over the years of operation, this move into event disruption consolidates all the business entities managed under Gem Live to bring users Great Experiences that Matter.

The Celebrations platform is slated for a beta test in Q4 of 2021, with eyes set on a reopened marketing 2022 to secure its presence in the market as an event disruptor.

The Group is adopting a cautious approach while remaining flexible in executing strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 November 2022.

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
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is stated after charging :-				
Amortisation of intangible assets	300	301	1,191	1,225
Bad debts written off	-	15	1	15
Depreciation of plant and equipment	586	1,429	2,299	2,400
Depreciation of Investment properties	196	14	238	56
Depreciation of Right of Use Asset	43	116	160	116
Fair value losses on other investments	1,648	2,053	3,247	2,086
Fair value losses on short-term investment	(2)	16	52	16
Impairment losses on intangible assets	4,945	8,052	4,945	8,052
Impairment losses on trade receivables	152	222	152	222
Intangible Assets written off	2,590	19	2,590	19
Interest expenses	424	27	521	117
Inventory written off	2	14	2	14
Loss on foreign exchange	-	2,431	-	2,431
Plant and equipment written off	-	626	1	627
Share-based Compensation expenses	-	-	-	1,677
Loss on disposal of Investment	17	-	6,648	-
and crediting :-				
Gain on foreign exchange	908	197	3,675	525
Interest income	73	395	862	1,576
Dividend income	126	71	634	71
Rental income	40	65	146	141
Reversal of impairment on intangible assets	1,567	-	1,567	-
Reversal of impairment loss on trade receivables	4	23	40	23

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	(3)	(2)	1	1
- Deferred taxation	-	127	-	127
Total	(3)	125	1	128

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.

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	9,421	10,579	Within 48 months
Working Capital	323	323	-	Within 24 months
Expenses for the Share Issuance	780	780	-	Immediate
	21,103	10,524	10,579	

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

B) 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	6,514	-	Within 24 months
Expenses for the Private Placement	300	300	-	Immediate
	<u>12,814</u>	<u>12,814</u>	<u>-</u>	

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

C) 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	4,046	527	Within 24 months
Expenses for the Private Placement	95	95	-	Immediate
	<u>4,668</u>	<u>4,141</u>	<u>527</u>	

On 3 May 2021, the Board of Directors has approved the extension of the timeframe for the full utilization of the proceeds raised to 24 months from the date of completion at 21 April 2020.

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

D) 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	4,546	35	Within 24 months
Expenses for the Private Placement	110	110	-	Immediate
	<u>4,691</u>	<u>4,656</u>	<u>35</u>	

E) 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	8	24,992	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	3,654	21,346	Within 36 months
Working capital	17,498	6,433	11,065	Within 24 months
Expenses for the Right Issue	900	900	-	Immediate
	<u>81,398</u>	<u>10,995</u>	<u>70,403</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.11.2021 Unaudited RM'000	As at 30.11.2020 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>2,272</u>	<u>370</u>
Long term borrowing		
Term loan - Secured	<u>31,776</u>	<u>1,624</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 4.15% to 7.18% per annum.

B10 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter and year ended 30 November 2021.

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:

	Current Quarter Ended 30.11.2021	Preceding Year Corresponding Quarter Ended 30.11.2020	Current Year Ended 30.11.2021	Preceding Year Ended 30.11.2020
Net profit/(loss) attributable to owners of the parent (RM)	<u>(8,968,000)</u>	<u>(13,843,000)</u>	<u>(20,932,000)</u>	<u>(15,871,000)</u>
Weighted average number of ordinary shares	<u>835,967,337</u>	<u>4,817,590,929</u>	<u>835,967,337</u>	<u>4,600,942,595</u>
Basic profit/(loss) per share (sen)	<u>(1.07)</u>	<u>(0.29)</u>	<u>(2.50)</u>	<u>(0.34)</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 2021 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 2020 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.