

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 28 FEBRUARY 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 28/02/2022 RM'000	PRECEDING YEAR QUARTER 28/02/2021 RM'000	CURRENT YEAR TO DATE 28/02/2022 RM'000	PRECEDING YEAR TO DATE 28/02/2021 RM'000
REVENUE	2,863	3,774	2,863	3,774
COST OF SALES	(2,390)	(3,325)	(2,390)	(3,325)
GROSS PROFIT	473	449	473	449
OTHER INCOME	995	489	995	489
ADMINISTRATION EXPENSES	(4,327)	(4,195)	(4,327)	(4,195)
OTHER OPERATING EXPENSES	(18)	(8,058)	(18)	(8,058)
PROFIT / (LOSS) FROM OPERATIONS	(2,877)	(11,315)	(2,877)	(11,315)
FINANCE COST	(461)	(58)	(461)	(58)
PROFIT / (LOSS) BEFORE TAX	(3,338)	(11,373)	(3,338)	(11,373)
INCOME TAX EXPENSES	-	(1)	-	(1)
NET PROFIT / (LOSS) FOR THE PERIOD	(3,338)	(11,374)	(3,338)	(11,374)
OTHER COMPREHENSIVE INCOME	(17)	214	(17)	214
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	<u>(3,355)</u>	<u>(11,160)</u>	<u>(3,355)</u>	<u>(11,160)</u>
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(3,184)	(10,438)	(3,184)	(10,438)
NON-CONTROLLING INTEREST	(154)	(936)	(154)	(936)
	<u>(3,338)</u>	<u>(11,374)</u>	<u>(3,338)</u>	<u>(11,374)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(3,220)	(10,236)	(3,220)	(10,236)
NON-CONTROLLING INTEREST	(135)	(924)	(135)	(924)
	<u>(3,355)</u>	<u>(11,160)</u>	<u>(3,355)</u>	<u>(11,160)</u>
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	<u>(0.38)</u>	<u>(1.25)</u>	<u>(0.38)</u>	<u>(1.25)</u>

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 2021 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 28 FEBRUARY 2022**

	AS AT 28 Feb 2022 Unaudited RM'000	AS AT 30 Nov 2021 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Plant and Equipment	3,750	4,290
Investment Properties	41,939	38,121
Right Of Use Asset	392	443
Intangible Assets	13,222	13,455
Other Investments	11,715	6,615
Goodwill on Consolidation	5,936	5,936
	<u>76,954</u>	<u>68,860</u>
<u>CURRENT ASSETS</u>		
Inventories	25	13
Trade Receivables	2,140	5,251
Other Receivables, Deposits and Prepayment	14,502	15,303
Contract Assets	1,875	1,875
Current Tax Assets	57	56
Short Term Investment	21,243	25,638
Cash and Bank Balances	58,516	64,404
	<u>98,358</u>	<u>112,540</u>
TOTAL ASSETS	<u><u>175,312</u></u>	<u><u>181,400</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	(493)	(457)
Accumulated Losses	(83,171)	(79,987)
	<u>141,439</u>	<u>144,659</u>
Non-Controlling Interest	(4,776)	(4,641)
TOTAL EQUITY	<u>136,663</u>	<u>140,018</u>
<u>NON-CURRENT LIABILITIES</u>		
Term Loan	30,595	31,783
Lease Liabilities	198	245
Deferred Tax Liability	133	133
	<u>30,926</u>	<u>32,161</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	949	593
Other Payables and Accruals	1,610	4,109
Contract Liabilities	2,067	2,052
Lease Liabilities	201	202
Term Loan	2,896	2,265
Current Tax liabilities	-	-
	<u>7,723</u>	<u>9,221</u>
TOTAL LIABILITIES	38,649	41,382
TOTAL EQUITIES AND LIABILITIES	<u><u>175,312</u></u>	<u><u>181,400</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.17	0.17

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 2021 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 28 FEBRUARY 2022**

	← 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 2021	205,877	-	19,226	(457)	(79,987)	144,659	(4,641)	140,018
Loss after taxation	-	-	-		(3,184)	(3,184)	(154)	(3,338)
Other Comprehensive loss:								
Foreign Currency translation reserve	-	-	-	(36)	-	(36)	19	(17)
Total Comprehensive loss for the financial period	-	-	-	(36)	(3,184)	(3,220)	(135)	(3,355)
Transactions with owners:								
Issuance of shares pursuant to Private Placement	-	-	-	-	-	-	-	-
Provision of SIS reserve	-	-	-	-	-	-	-	-
Issuance of shares pursuant to exercise of SIS	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-
Total Transactions with owners:	-	-	-	-	-	-	-	-
As at 28 February 2022	205,877	-	19,226	(493)	(83,171)	141,439	(4,776)	136,663
As at 1 December 2020	205,877	-	19,226	470	(59,195)	166,378	(3,911)	162,467
Loss after taxation	-	-	-		(10,438)	(10,438)	(936)	(11,374)
Other Comprehensive loss:								
Foreign Currency translation reserve	-	-	-	202	-	202	12	214
Total Comprehensive loss for the financial period	-	-	-	202	(10,438)	(10,236)	(924)	(11,160)
Transactions with owners:								
Acquisition of subsidiary						-	729	729
Total Transactions with owners:	-	-	-	-	-	-	729	729
As at 28 February 2021	205,877	-	19,226	672	(69,633)	156,142	(4,106)	152,036

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 2021 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 28 FEBRUARY 2022

	CURRENT YEAR TO DATE 28/02/2022 RM'000	PRECEDING YEAR TO DATE 28/02/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,338)	(11,373)
Adjustment for:		
Amortisation of intangible assets	230	292
Amortisation of goodwill	-	17
Depreciation of plant and equipment	575	566
Depreciation of investment properties	341	14
Depreciation of right of use assets	51	33
Dividend income	(47)	-
Fair value (gain) / loss on other investments	(365)	1,475
Fair value (gain) / loss on short-term investment	(58)	-
Loss on disposal of other investments	-	6,565
Unrealised foreign exchange (gain)/loss	346	687
Interest expense	461	58
Interest income	(1)	(438)
Plant and equipment written off	18	-
Reversal of impairment losses on trade receivables	(3)	-
Operating (loss) / profit before working capital changes	<u>(1,790)</u>	<u>(2,104)</u>
Changes in contract assets / contract liabilities	15	318
Increase in inventories	(12)	-
Decrease in receivables	3,983	5,376
Decrease in payables	<u>(2,758)</u>	<u>(1,737)</u>
Cash (used in) / generated from operations	(562)	1,853
Interest received	1	438
Tax refunded	5	-
Tax paid	<u>(5)</u>	<u>(1)</u>
Cash (used in) / generated from operations activities	(561)	2,290
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(58)	(4,588)
Acquisition of subsidiary	-	(672)
Additions in other investments	(4,700)	(805)
Dividend received	47	-
Proceeds from disposal of investment	-	10,082
Purchase of plant and equipment	(58)	(2)
Purchase of investment properties	<u>(4,158)</u>	<u>-</u>
Net cash (used in) / generated from investing activities	(8,927)	4,015
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(461)	(58)
Withdrawal/(Placement) of short-term investment	4,453	6,842
Repayment of lease liabilities	(48)	(34)
Repayment of term loans	<u>(557)</u>	<u>(91)</u>
Net cash generated from financing activities	3,387	6,659
Net (decrease) / increase in cash and cash equivalents	(6,101)	12,964
Cash and cash equivalents at the beginning of the financial year	64,404	60,593
Effect of exchange differences	213	(389)
Cash and cash equivalents at the end of the financial year	<u>58,516</u>	<u>73,168</u>
Cash and cash equivalents comprise:		
Short Term Investment	21,243	73,168
Cash and bank balances	<u>58,516</u>	<u>33,213</u>
	79,759	106,381
Less: Short term investment	(21,243)	(33,213)
Less: Deposits placed with licensed bank	<u>-</u>	<u>-</u>
	<u>58,516</u>	<u>73,168</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR
TODATE ENDED 28 FEBRUARY 2022**

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 2021. 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 2021.

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 2021 except for the adoption of the following MFRS and Amendments to MFRS:

<u>MFRSs and Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standard 2018 - 2020	1 January 2022

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>MFRSs and Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2023

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>
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS128	Consolidated Financial Statements, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 28 February 2022.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter ended 28 February 2022.

A5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter ended 28 February 2022.

A6 DIVIDENDS PAID

No dividends were paid during current quarter ended 28 February 2022.

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
2022						
Revenue						
External revenue	1,522	84	1,036	221	-	2,863
Inter-company	-	-	18	-	(18)	-
	<u>1,522</u>	<u>84</u>	<u>1,054</u>	<u>221</u>	<u>(18)</u>	<u>2,863</u>
Results						
Segment operating profit/(loss)	(1,101)	(439)	(978)	(1,401)	65	(3,854)
Other operating income						995
Other operating expenses						(18)
Finance costs						(461)
Loss before taxation						(3,338)
Tax expenses						-
Loss after taxation						(3,338)
Non-controlling interests the Company						154
						<u>(3,184)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	41,969	6,261	35,996	91,086	-	175,312
Total assets						<u>175,312</u>
Segments liabilities	938	2,889	823	33,866	-	38,516
Deferred tax liability						133
Total liabilities						<u>38,649</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
2021						
Revenue						
External revenue	71	-	3,703	-	-	3,774
Inter-company	-	-	3	-	(3)	-
	71	-	3,706	-	(3)	3,774
Results						
Segment operating profit/(loss)	(443)	(737)	(1,208)	(1,381)	23	(3,746)
Other operating income						489
Other operating expenses						(8,058)
Finance costs						(58)
Loss before taxation						(11,373)
Tax expenses						(1)
Loss after taxation						(11,374)
Non-controlling interests the Company						936
						(10,438)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	51,880	16,782	47,843	39,793	-	156,298
Total assets						156,298
Segments liabilities	644	641	940	1,902	-	4,127
Deferred tax liability						135
Total liabilities						4,262

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 ended 28 February 2022 other than as disclosed below:

- 1) On 17 December 2021, Fujian First United Technology Co. Ltd., a subsidiary company has completed the process of strike off the company.
- 2) 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.

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 11 March 2022, Gem Pay Sdn Bhd, a subsidiary company has completed the subscription of Third 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 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	Ended	Changes		Ended	Ended	Changes	
	28.02.2022	28.02.2021	RM'000	%	28.02.2022	28.02.2021	RM'000	%
Revenue	2,863	3,774	(911)	24	2,863	3,774	(911)	24
Gross Profit	473	449	24	(5)	473	449	24	(5)
Profit/(Loss) Before Interest and Tax	(2,877)	(11,315)	8,438	75	(2,877)	(11,315)	8,438	75
Profit/(Loss) Before Tax	(3,338)	(11,373)	8,035	71	(3,338)	(11,373)	8,035	(71)
Profit/(Loss) After Tax	(3,338)	(11,374)	8,036	71	(3,338)	(11,374)	8,036	(71)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(3,184)	(10,438)	7,254	69	(3,184)	(10,438)	7,254	(69)

For the current quarter ended 28 February 2022, the Group recorded revenue of RM2.86 million, lower as compared to RM3.77 million in the corresponding quarter in previous year, mainly due to lower revenue generated from GEM segment, as there were no advertising revenue on GemSpot and lower sales in online food and gift deliveries due to the market reopening post MCO, mitigated by higher revenue from sales and maintenance of payment terminal, and new revenue from sales of foreign currencies in payment services segment as the new licensed money changer subsidiary was acquired in November 2021.

The Group recorded a loss before taxation of RM3.34 million, lower as compared to RM11.37 million in the corresponding quarter in previous year, mainly due to realised loss on disposal of investment in public listed company of RM6.57 million in previous year which is none in current quarter, and loss on fair value of investment of RM1.47 million in previous year against gain on fair value of investment of RM0.42 million in this quarter.

Electronic Payment Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2022	28.02.2021	RM'000	%	28.02.2022	28.02.2021	RM'000	%
Revenue	1,522	71	1,451	2,044	1,522	71	1,451	2,044
Gross Profit	119	51	68	133	119	51	68	133
Loss Before Interest and Tax	(1,094)	(460)	(634)	138	(1,094)	(460)	(634)	138
Loss Before Tax	(1,095)	(460)	(635)	138	(1,095)	(460)	(635)	138
Loss After Tax	(1,095)	(460)	(635)	138	(1,095)	(460)	(635)	138

For the current quarter ended 28 February 2022, Electronic payment services segment reported revenue of RM1.52 million, higher as compared to RM0.07 million in the corresponding quarter in previous year, mainly contributed from higher sales & maintenance of payment terminal and higher revenue from money lending business; and new revenue from sales of foreign currency in current quarter as the new licensed money changer subsidiary was acquired in November 2021.

B1 PERFORMANCE REVIEW (CONTINUED)

Electronic Payment Services Segment (continued)

The gross profit margin for current quarter of 7.82% were lower than 71.83% in corresponding quarter in previous year mainly due to lower profit margin in sales of foreign currencies in licensed money changer business, compared to profit margin in sales of payment terminal. Majority of the revenue in current quarter contributed from the sales of foreign currencies from the new licensed money changer subsidiary which was acquired in November 2021.

The segment recorded loss before tax of RM1.09 million in current quarter, higher loss as compared to RM0.46 million in the corresponding quarter in previous year, mainly due to higher operating expenses on resources invested for promoting new businesses in licensed money lending business and, maintaining the business in licensed money changer as well as EFX platform while pending border restriction to be lifted in the near future.

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2022	28.02.2021	RM'000	%	28.02.2022	28.02.2021	RM'000	%
Non -Electronic Payment Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	84	-	84	100	84	-	84	100
Gross Profit	3	-	3	100	3	-	3	100
Profit/(Loss) Before Interest and Tax	85	(812)	897	110	85	(812)	897	110
Profit/(Loss) Before Tax	83	(812)	895	110	83	(812)	895	110
Profit/(Loss) After Tax	83	(813)	896	110	83	(813)	896	110

Currently Non-Electronic payment services segment only supplies network equipment and infrastructure on a confirmed project basis. There was no revenue in the corresponding quarter in previous year as there were no project in the corresponding quarter in previous year.

As compared to loss before tax of RM0.81 million in the corresponding quarter in previous year, this quarter recorded a profit before taxation of RM0.08 million mainly due to profit from digital trading of precious commodities in current quarter of RM0.45 million and lower general administration & depreciation expenses by RM0.35 million.

GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2022	28.02.2021	RM'000	%	28.02.2022	28.02.2021	RM'000	%
GEM	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,054	3,706	(2,652)	(72)	1,054	3,706	(2,652)	72
Gross Profit	192	401	(209)	(52)	192	401	(209)	52
Loss Before Interest and Tax	(971)	(1,205)	234	19	(971)	(1,205)	234	19
Loss Before Tax	(971)	(1,205)	234	19	(971)	(1,205)	234	19
Loss After Tax	(971)	(1,205)	234	19	(971)	(1,205)	234	19

GEM segment achieved revenue of RM1.05 million this quarter, lower than the corresponding quarter in previous year of RM3.71 million. The decrease in revenue was mainly due to lower sales in online food and gift deliveries due to the market reopening post MCO. More focus has been channeled into the platform's upgrading development works which is also translated to parking advertising and promotional activities to the second half of the year once the new upgraded mobile app and web has been launched.

This segment achieved a lower loss before tax of RM0.97 million in current quarter, as compared to RM1.21 million in corresponding quarter in previous year, mainly due to lower staff and administrative expenses.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED AGAINST PRECEDING QUARTER

Group Results	Current Quarter	Preceding Quarter	Changes	
	Ended 28.02.2022 RM'000	Ended 30.11.2021 RM'000	RM'000	%
Revenue	2,863	5,473	(2,610)	(48)
Gross Profit	473	207	266	129
Profit/(Loss) Before Interest and Tax	(2,877)	(9,218)	6,341	69
Profit/(Loss) Before Tax	(3,338)	(9,587)	6,249	65
Profit/(Loss) After Tax	(3,338)	(9,578)	6,240	65
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(3,184)	(8,828)	5,644	64

The Group recorded revenue of RM2.86 million in current quarter, lower as compared to RM5.47 million in previous quarter mainly due to decrease in project sales of network equipment and infrastructure in Non-Payment Services Segment in current quarter by RM3.92 million.

The Group recorded loss before tax of RM3.33 million in current quarter, lower loss as compared to RM9.59 million in previous quarter, mainly due to old intangible assets written off at net book value of RM1.02 million and impairment on intangible assets of RM4.29 million which is none in current quarter and, loss on fair value of investment of RM1.65 million in previous year against gain on fair value of investment of RM0.42 million in this quarter.

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.

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 governing bodies of Malaysia has pushed forward a multi-tier initiative to curb and tackle COVID-19 challenges, with positive results of becoming one of the highest vaccination rates in Southeast Asia. Malaysia's economy is set for a gradual recovery, with real Gross Domestic Product (GDP) growth at 3.1 percent in 2021 and projected to accelerate to about 5 ¾ percent in 2022, thanks to the authorities' impressive vaccine rollout and swift implementation of economic policy support measures. In tandem with the opening of all market sectors, GEM Live has taken the opportunity in 2021 to invest and enhance on its mobile applications, GemSpot and GemSpot Biz.

Retaining its core business model of providing technology-driven solutions to the F&B, entertainment and lifestyle sectors, GemSpot and GemSpot Biz is slated to launch its beta version to the market in the second quarter of 2022. This relaunch will see activities across mixed media advertising, including creative and engaging initiatives to secure premium merchants and users with high spending power.

The direction of GemSpot beta will tackle the event industry, truly disrupting how the event sector has been operating – from venue selection to catering service and full-scale decorations. The Group strongly believes that by disrupting the event and everyday celebratory occasions, GemSpot and GemSpot Biz will leave a deep impact within the supply chain and purchasing behaviour of this industry.

In 2021, GemSpot activated monthly content marketing, which has seen results of over 400,000 impressions across its analytics (month-on-month). For the financial year of 2022, GemSpot will park more initiatives in content marketing – driving the attention of both merchants and users onto its platforms for business opportunities and purchasing. With healthy results on initiatives from the previous year, GemSpot is now looking into marketing initiatives that relies on big data from both the operations side and engagement aspect.

In GemSpot beta, pre-identified banners will be converted into ads space inventory, starting first with in-house (brand position), with expanded features for merchants to have sponsored placement on search listings, keywords, and on its landing banner to drive sales to their direct entities. GemSpot believes that this solution will provide merchants who are promoting certain items or products within their outlets to have the opportunity to reach a wider range of GemSpot active users.

Enhancing on how merchants are acquired in this field, campaigns will be directed towards premium entities that are seeking for a digital experience to their booking space. The new interface of GemSpot Biz will allow business operators to manage across multiple outlets, staff access and adjust, in real-time, the overall operations of their outlets. To market this, GemSpot Biz will offer comprehensive training of its new platform, along with a training manual and quick access to GemSpot's back-office support.

To purposefully be a disruptor and change the way users interact with digital services, GemSpot will be available to users across the App Store, Google Play and, for the first time ever, on web-based (mobile and desktop). The marketing initiatives rolling out for 2022 will include cross-platforms marketing, omni-channel media and on-ground activations across venues, suppliers and district-specific. Campaigns will be centralised within the Klang Valley, servicing up to 40 kilometers from entities' locations.

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
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is stated after charging :-				
Amortisation of intangible assets	230	292	230	292
Depreciation of plant and equipment	575	566	575	566
Depreciation of investment properties	341	14	341	14
Depreciation of right-of-use assets	51	33	51	33
Fair value losses on other investments	-	1,475	-	1,475
Interest expenses	461	58	461	58
Loss on foreign exchange - unrealised	346	687	346	687
Plant and equipment written off	18	-	18	-
Amortisation of goodwill	-	17	-	17
Loss on disposal of Investment	-	6,565	-	6,565
<i>and crediting :-</i>				
Gain on foreign exchange - realised	3	111	3	111
Interest income	1	265	1	265
Dividend income	47	173	47	173
Rental income	52	37	52	37
Reversal of impairment gain on trade receivables	3	-	3	-
Fair value gain on other investments	366	-	366	-
Fair value gain on short-term investment	58	-	58	-

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	1	-	1
- Deferred taxation	-	-	-	-
Total	-	1	-	1

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 2 December 2021, the Company proposed to undertake the private placement of up to 167,193,400 new ordinary shares, 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.

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
	<u>21,103</u>	<u>10,524</u>	<u>10,579</u>	

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

B) 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	4,475	98	Within 24 months
Expenses for the Private Placement	95	95	-	Immediate
	<u>4,668</u>	<u>4,570</u>	<u>98</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.

C) 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	4,581	-	Within 24 months
Expenses for the Private Placement	110	110	-	Immediate
	<u>4,691</u>	<u>4,691</u>	<u>-</u>	

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

D) 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	16	24,984	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	5,554	19,446	Within 36 months
Working capital	17,498	8,475	9,023	Within 24 months
Expenses for the Right Issue	900	900	-	Immediate
	<u>81,398</u>	<u>14,945</u>	<u>66,453</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 28.02.2022 Unaudited RM'000	As at 30.11.2021 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>2,896</u>	<u>2,265</u>
Long term borrowing		
Term loan - Secured	<u>30,595</u>	<u>31,783</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 4.13% to 5.45% per annum.

B10 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter ended 28 February 2022.

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 28.02.2022	Preceding Year Corresponding Quarter Ended 28.02.2021	Current Year Ended 28.02.2022	Preceding Year Ended 28.02.2021
Net profit/(loss) attributable to owners of the parent (RM)	<u>(3,184,000)</u>	<u>(10,438,000)</u>	<u>(3,184,000)</u>	<u>(10,438,000)</u>
Weighted average number of ordinary shares	<u>835,967,337</u>	<u>835,967,337</u>	<u>835,967,337</u>	<u>835,967,337</u>
Basic profit/(loss) per share (sen)	<u>(0.38)</u>	<u>(1.25)</u>	<u>(0.38)</u>	<u>(1.25)</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 28 February 2022 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 2021 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.