NETX HOLDINGS BERHAD
(533441-W)

Creating The Future
NetX Payment Solutions

ANNUAL REPORT 2017

VISION

Disrupting existing industries through innovative technologies

MISSION

To challenge markets by driving innovation and consumer adoption that will bring greater value to societies

CONTENTS

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

Notice is Hereby Given that the Sixteenth Annual General Meeting of the Company will be held at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 November 2017 at 10.30 a.m. to transact the following businesses:

AGENDA		Ordinary Resolution No.
1.	To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon.	
2.	To approve the payment of directors' fees and benefits of up to RM300,000 to the non-executive directors for their services from 1 February 2017 until the next annual general meeting of the Company.	1
3.	To re-elect Tan Sik Eek who retiring in accordance to Article 103(1) of the Company's Constitution.	2
4.	To appoint Auditors and to authorise the Directors to fix their remuneration.	3
5.	As Special Business to consider and if thought fit, to pass the following resolution, with or without modifications: **ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES** "THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be empowered to allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	4
6.	To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.	

BY ORDER OF THE BOARD

SEOW FEI SAN
LAW MEE POO
Secretaries

Petaling Jaya
31 October 2017

Notice of the Sixteenth Annual General Meeting

Notes:-

i. *Only depositors whose names appear in the Record of Depositors as at 22 November 2017 shall be regarded as members and are entitled to attend, speak and vote at the Meeting.*

ii. *Each member entitled to attend and vote in person may appoint up to two (2) proxies or attorneys or authorised representatives to attend and vote in its stead.*

iii. *A proxy may but need not be a Member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*

iv. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of such Securities Account.*

v. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect each omnibus account it holds.*

vi. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at office of the Company's Share Registrar 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

Explanatory Note on Special Business

- **ORDINARY RESOLUTION 1**

  Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

  The fees and benefits of the non-executive directors of the Company are as follows:
  - Monthly Directors' fees; and
  - Meeting allowance.

  Details of the fees and benefits paid to the non-executive directors for the financial year ended 30 June 2017 are disclosed on page 21 of the Statement on Corporate Governance in the 2017 Annual Report.

- **ORDINARY RESOLUTION 4**

  The proposed Ordinary Resolution 4, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

  The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

  As at the date of this Notice, no new share in the Company was issued pursuant to the authority granted to the Directors at the Fifteenth Annual General Meeting held on 24 November 2016 and the said authority will lapse at the conclusion of the Sixteenth Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YM TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN
Senior Independent Non-Executive Director/Chairman

CHU CHEE PENG
Independent Non-Executive Director

YONG KET INN
Independent Non-Executive Director

TAN SIK EEK
Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Yong Ket Inn (Chairman)

YM Tengku Ahmad Badli Shah
Bin Raja Hussin

Chu Chee Peng

NOMINATING AND REMUNERATION COMMITTEE

Chu Chee Peng (Chairman)

YM Tengku Ahmad Badli Shah
Bin Raja Hussin

Yong Ket Inn

CORPORATE OFFICE

1-3 Street Wing
Sunsuria Avenue
Persiaran Mahogani
Kota Damansara PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-6142 3198
Fax : +603-6142 3292

COMPANY SECRETARIES

Ms. Seow Fei San (MAICSA 7009732)
Ms. Law Mee Poo (MAICSA 7033423)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7803 1126
Fax : +603-7806 1387

AUDITORS

Ecovis AHL PLT (AF 001825)
9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-7981 1799
Fax : +603-7980 4796

REGISTRAR

ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-6201 1120
Fax : +603-6201 5959

PRINCIPAL BANKER

Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

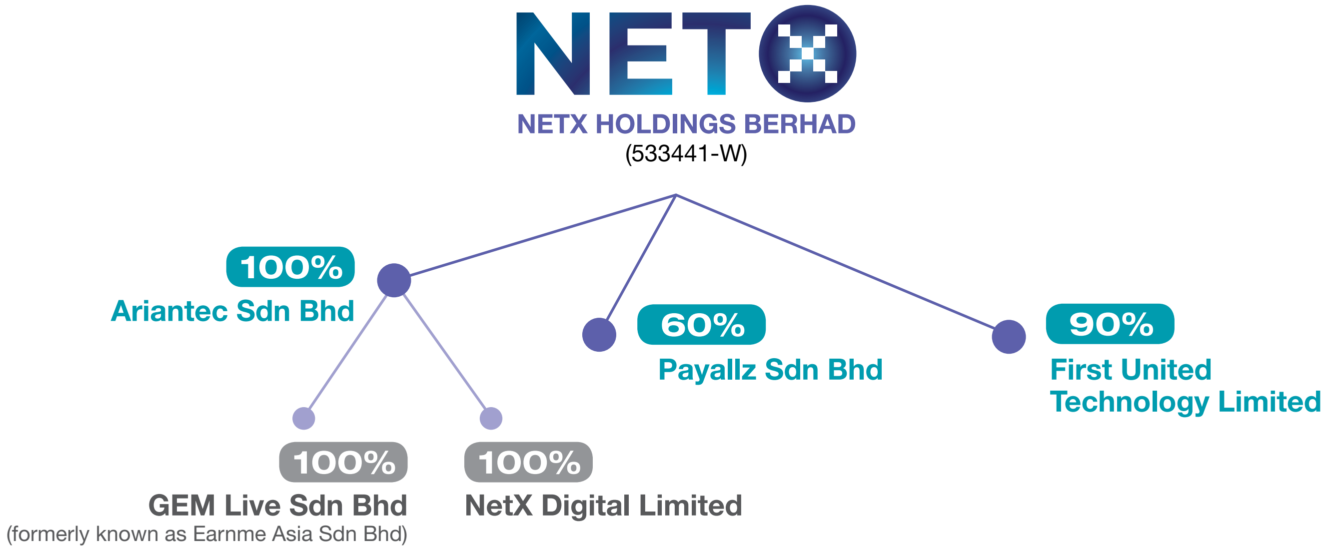
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)
Stock Name : NETX
Stock Code : 0020

WEBSITE

http://www.netx.com.my

CORPORATE STRUCTURE



COMPANY BACKGROUND

NetX Holdings Berhad is a technology public listed company on Bursa's ACE market. Founded in 2000, NetX started off dealing primarily in the supply of network equipment and infrastructure. Fast forward to today, the company now pioneers the advancement of disruptive technologies through its subsidiaries in various industries: digital platforms, e-commerce and IT infrastructure among others.

In line with the company's strategy and vision in rethinking possibilities, NetX focuses on existing innovative technologies by making it better with the goal of challenging the markets they operate in.

NetX is based on two key business pillars that are strategically operated through its subsidiaries: Ariantec, a network equipment and infrastructure specialist; and PayAllZ, a payment solutions company which was acquired in 2015 as part of its growth strategy.

NetX firmly believes in its philosophy of finding new and better ways of doing things through technology. Its businesses are geared toward redefining and challenging established and conventional practices that bring value to the betterment of whole societies.

BUSINESS PHILOSOPHY

Like any great philosophy, ours start with a question: How can something be done better? This fundamental opens up to the limitless possibilities for the re-development of systems by consistently taking them one step further. We believe in the harnessing of existing technologies that have the potential to disrupt conventional standards and change the landscape of industries.

GROWTH STRATEGY

With a background in total systems integration and network infrastructure, NetX is now expanding into the electronic payment solutions - a business with huge potential as the global marketplace converges from offline to online towards a cashless state. Its newly acquired payment solutions company, PayAllZ is a major step forward in the development of a Total Payment Solution starting from EFTPOS (Electronic Funds Transfer at Point of Sale) terminals and accessories (digital signature pad, near field communication adaptors and etc), software and other component subsystems to systemically merge them into one system. NetX sees this expansion as a strategic extension of its existing system integration and hardware solutions business.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to the shareholders, the Annual Report of Netx Holdings Berhad ("NetX" or "Group") for the financial year ended 30 June 2017.

FINANCIAL REVIEW

For the financial year ended 30 June 2017, the Group recorded revenue of RM19.30 million and profit after taxation ("PAT") of RM0.912 million. Compared to the previously reported revenue and loss after taxation ("LAT") of RM9.78 million and RM8.34 million respectively. This year's results represent a 97.4% increase in revenue and corresponding 110.94% increase in PAT from LAT in previous year. The significant improvement in PAT is mainly arises from the performance in Ariantec Sdn Bhd.

PROSPECT AND STRATEGY

With the implementation of digital free trade zone which bring forth borderless competition, the Board recognizes the need for the Group to continually reinvent and improve its business and has taken affirmative steps to expand its scope of business operation domestically and internationally to propel future growth despite the uncertain market condition.

According to the National ICT Association of Malaysia (PIKOM), the overall ICT market for the country would experience a positive growth on technologies and digital economic growth as it remains on trat to achieve a contribution of around 20% of the GDP by year 2020. Hence, we believe 2018 will be a year of continued growth and improvement. Moving forward, we are committed to continue expand and launch new business ventures to improve our influence in the industry.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere gratitude to my Board Members and staff for their efforts and contributions. I would also like to take this opportunity to convey my appreciation to our clients, business associates, shareholders and various stakeholders for their continued support and confidence in NetX.

YM Tengku Ahmad Badli Shah Bin Raja Hussin
YM Independent, Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

NetX Holdings Berhad ("Company" or "NetX" or "Group") is a technology public listed company on Bursa's ACE Market. Founded in 2000, NetX started off dealing primarily in the supply of network equipment and infrastructure. Fast forward to today, the Company now pioneers the advancement of disruptive technologies through its subsidiaries in various industries namely digital platforms, e-payment solutions, e-commerce and IT infrastructure among others. The Company is based on two key business pillars or segments that are strategically operated through its subsidiaries namely Ariantec Sdn Bhd ("Ariantec"), a network equipment and infrastructure specialist, and Payallz Sdn Bhd ("Payallz"), a payment solutions company which was acquired in 2015 as part of the Company's growth strategy.

With a background in total systems integration and network infrastructure, NetX is now expanding into the electronic payment solutions - a business with huge potential as the global marketplace converges from offline to online towards a cashless state. On 4 April 2017, the Company through its wholly-owned subsidiary Ariantec, had entered into a Licensing Agreement with Payallz International Limited for the licensing of Ariantec's products. On 12 April 2017, Payallz had entered into a Technology Collaboration Agreement with XOX Wallet Sdn Bhd and subsequently entered into a Technology Partnership Agreement with M3 Online Sdn Bhd on 19 April 2017 to develop an electronic payment mobile exchange that enables every XOX Berhad subscribers to be an e-commerce merchant and have interconnect ability with both local and international payment gateways.

The Company also entered into a Technology Partnership Agreement with GuangZhou, China based E-DO Business Technology Corporation for the provision of e-commerce online payment, e-wallet and loyalty programme solutions services in territories of Cambodia, Malaysia and Thailand. Lastly, on 25 May 2017, NetX had entered into a Shares Subscription Agreement with China based Flavours of Malaysia ("FOM") for a shares subscription of 51% of the paid-up capital of FOM to research and develop a Halal-certified e-commerce market place for goods and services between Chinese and Malaysia consumers.

GROUP FINANCIAL REVIEW

	Yr Ended 30-Jun-17 RM'000	Yr Ended 30-Jun-16 RM'000	Changes %
Revenue	19,302	9,779	97
Gross Profit	5,389	6,222	(13)
Gross Profit Margin (%)	28%	64%	
Profit Before Tax	1,478	(6,708)	122
Profit After Tax	912	(8,338)	111
Profit Attributable to Ordinary Equity Holders of the Company	1,079	(8,314)	113

This financial year has been a challenging year for the Group as the local economy was greatly affected by macro-economic developments which led to a slower economic growth, currency uncertainties, and lower business transactions for domestic merchants.

Revenue and Gross Profit

Group's revenue improved by 97% from RM9.8 million in previous year to RM19.3 million in current year, with growth registered in two core business segments (ie. Network equipment and infrastructure and payment solutions). However, the gross profit margin reduced from 64% in previous year to 28% in current year, due to higher selling price in previous year as a result of extensive product warranties and assurance given to customer in previous year but none in current year, and warranties claim by a customer resulted in loss of RM330k in current year.

Profit Before Tax

The profit before tax grew from loss before tax of RM6.7 million in previous year to profit before tax in current year of RM1.5 million. The significant improvement in profit before tax is mainly arises from the impairment of goodwill of investment in Ariantec Sdn Bhd of RM10.09 million in previous year but none in current year and lower corporate exercise expenses by RM0.61 million.

Taxation

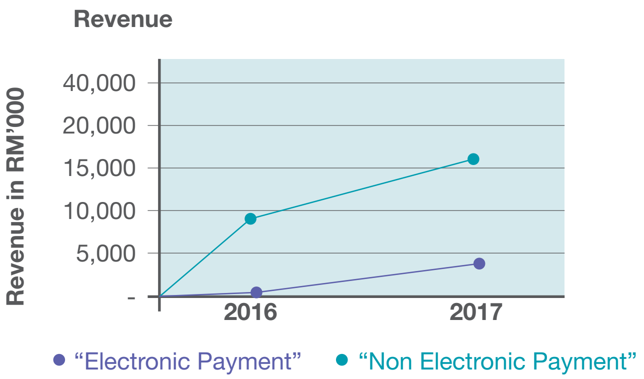
The effective tax rate is higher than statutory tax mainly due to certain expenses are non tax-allowable.

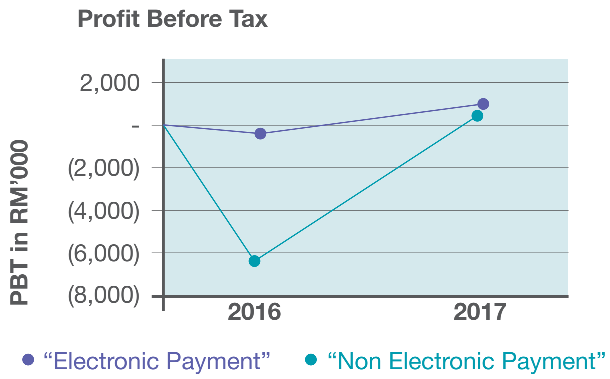
Management Discussion and Analysis

PERFORMANCE BY BUSINESS SEGMENT

As indicated earlier, the Group is based on two key business pillars or segments that are strategically operated through its subsidiaries. The core business segments of the Group comprise of the followings:

1. Electronic Payment Services - Involved in terminal and other related services.
2. 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.





Electronic Payment Services

	Yr Ended 30-Jun-17 RM'000	Yr Ended 30-Jun-16 RM'000	Changes %
Revenue	3,752	159	2,260
Gross Profit	1,871	(26)	7,296
Profit Before Tax	881	(216)	508
Profit After Tax	399	(125)	419

The Electronic Payment Services and its revenue derived from the following activities:

1. Credit and Debit Card merchant acquiring with revenue sharing with financial services company in Malaysia.
2. Rental of EDC terminal to merchants.
3. Sales or rental of electronic and mobile payment solution, included its related software and hardware.

The Group acquired the payment solutions company, named Payallz Sdn Bhd ("Payallz") in 2015 and has initiated intensive marketing activities to increase number of merchant in Malaysia and to secure sales of electronic and mobile payment solutions mainly to overseas customers. The number of EDC terminals deployed has increased from approximately 380 to 900 as at 30 June 2017. The revenue of this segment has improved from RM159k in previous year to RM3.75 million in year ended 30 June 2017. The profit before tax has also improved from loss of RM216k in previous year to profit of RM881k in year ended 30 June 2017.

Non-Electronic Payment Services

	Yr Ended 30-Jun-17 RM'000	Yr Ended 30-Jun-16 RM'000	Changes %
Revenue	15,550	9,620	62
Gross Profit	3,518	6,248	(44)
Gross Profit Margin (%)	23%	65%	
Profit Before Tax	597	(6,492)	109
Profit After Tax	513	(8,213)	106

The Non-Electronic Payment services are mainly trading of network equipment, provision of network infrastructure, system design, integration and related IT services. The revenue from this segment is dependent on projects secured and therefore the revenue are not consistent throughout the year.

The revenue of this segment has improved from RM9.62 million in previous year to RM15.55 million in year ended 30 June 2017. However, the gross profit margin has reduced from 65% in previous year to 23% in current year, mainly due to higher selling price in previous year as a result of extensive product warranties and assurance given to customer in previous year but none in current year, and warranties claim by a customer resulted in loss of RM330k in current year.

The profit before tax has also improved from loss of RM6.5 million in previous year to profit of RM597k in year ended 30 June 2017, mainly due to the impairment of goodwill of investment in Ariantec Sdn Bhd of RM10.09 million in previous year but none in current year.

Management Discussion and Analysis

ANTICIPATED RISK AND MITIGATING FACTORS

In the ordinary course of its operations, the Company is exposed to the following major risks:

Competition Risk and Changes in Technology Risk

NetX is involved in the provision of systems, solutions and services that is catered towards the ICT and mobile payment industry. Like many companies in the ICT and mobile payment industry, the Company faces competition from both new and existing players in the industries which offers similar products and services, as well as rapid technological innovation.

Thus, the management of the Group continuously study and identify latest technology to improve its products and operation efficiency. The Group tries to provide a wider selection of IT hardware, new application features in its payment solutions and services to its customers at competitive and affordable prices. NetX also invests in new product development initiatives and infrastructure and is also on the look-out to acquire smaller technology companies that will enhance its solutions offerings to ensure its competitiveness.

Investment Risk

The Group is exposed to investment risk as it invests in new product development initiatives and infrastructure or acquire smaller technology companies that will enhance its solutions offerings to ensure its competitiveness. Pre-investment assessment and evaluation of proposed investment were carried out by Executive Director before tabled to the Board of directors for approval. An experienced staff will be designated to implement the investment plan, and closely monitored by the Executive Director. The Board of Directors monitor the investment progress and results through half yearly progress updates in the Board of Directors meeting.

Political, economic and regulatory considerations

Any developments in political, economic, regulatory and social conditions could materially affect the Group financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation. The directors keep abreast with the government policy, rules and regulations and will take actions to ensure compliance.

Reliance on key relationship with Acquirer

The Group's payment services business is heavily dependent on the relationship with the Acquirer and their intent in acquiring merchants. Acquirer is an entity (bank or non-bank) registered with Bank Negara Malaysia that provides merchant acquiring, including, inter-alia, signing up merchants, deploying EFTPOS terminals for payment cards and accepting card payment on behalf of merchants. Our subsidiary, Payallz is a master merchant appointed by two Acquirers to recruit qualified merchants to sign up for our payment solutions. Payallz is constantly looking at collaboration with other Acquirer so that we are not dependent on two Acquirers.

Foreign Exchange Risk

The Company is subject to foreign exchange risk through the import of hardware products such as IT equipments and EFTPOS terminals from overseas. As such, any fluctuation in foreign exchange rates would have an impact on our profitability and financial performance. Thus, the Company monitors the foreign currency risk closely on an ongoing basis to ensure that the Company's exposure to foreign currency risk is at an acceptable level.

Non Collection from customer and Non Performing Sales Agents Risk

As in any other businesses, the Group's business is dependent to collection from customers and new merchants acquired through sales agents. The Non-Electronic payment segment were not dependent on sales agent but only sell to customers with good credit, where the management has close relationship with the customer.

The revenue from Electronic Payment Segment is collected in advance or deducted through our Acquirer, which mitigate the potential risk on non-collection from merchants. The management monitor the performance of sales agents very closely and sales targets were clearly stated in their letter of appointment. Sales incentive in the form of allowance were paid to the sales agents who achieve their sales targets.

Management Discussion and Analysis

FUTURE OUTLOOK

Currently Payallz is the master merchant for a non-bank financial services company. On 16 June 2017, Payallz has entered into Referral Agreement with Global Payments Card Processing (Malaysia) Sdn Bhd ("Global") for the participation in the referral program offered by and through Global whereby Global agrees to provide merchant acquiring services to merchants in Malaysia referred to Global by Payallz. Global is a company incorporated in Malaysia and a subsidiary of Global Payments Asia-Pacific Limited. Global is principally involved in the provision of electronic transaction processing services that cover face-to-face transactions, e-commerce and mobile payments for worldwide merchants.

The Group has on 5 May 2017 entered into a Technology Partnership Agreement with GuangZhou, China based E-DO Business Technology Corporation for the provision of e-commerce online payment, e-wallet and loyalty programme solutions services in territories of Cambodia, Malaysia and Thailand.

With the rapid change in technology and the rise of e-commerce, the Group intends to develop a propriety MPex system that will allow users to conduct transactions both online and at the point of sale via multiple payment options. The unique differentiating factor of the MPex system is that users will be able to use the MPex system, be it in the form of a mobile application or a website, to make and receive payments for transactions using other popular and established payment services such as WeChat Pay, Union Pay, Visa and MasterCard by scanning the merchant's common QR code at the counter. The share issuance scheme which will raise funds for the development and marketing of MPex system were approved by the shareholders on 24 August 2017.

With all the plans in place, the prospect for Malaysia's economic remains promising with its overall economy is forecasted to grow by 4.3% in 2017, the Company will benefit from initiatives of worldwide financial regulators to convert cash retail payments into electronic payments.

These coming years will be crucial for us. Whilst we remain cautious over the outlook of the economy, we will continue to reinvent and improve our business and will take affirmative steps to expand the Company's scope of business operations globally in ensuring a lasting sustainability and profitability for our business.

PROFILE OF DIRECTORS

YM Tengku Ahmad Badli Shah Bin Raja Hussin

Malaysian, 48 years old, Male
Chairman / Senior Independent Non-Executive Director

YM Tengku Ahmad Badli Shah Bin Raja Hussin ("YM Tengku Badli") is the Senior Independent Non-Executive Director of NetX appointed on 9 April 2015. He holds a Bachelor of Law degree (LLB Hons) from University of East Anglia, United Kingdom.

YM Tengku Badli has extensive exposure in the financial industry sector, having started his career as a Management Trainee in Hongkong and Shanghai Banking Corporation, Hong Kong ("HSBC") in 1994, continuing his stint with the HSBC Group in various senior management positions covering both corporate and commercial sectors, as well as the retail & consumer banking division. He later joined Kuwait Finance House (Malaysia) Berhad in February 2008 as Head of Branch Management before joining Pelaburan MARA Berhad in September 2013 as Chief Executive Officer of PMB Tijari Berhad, a strategic partnership company between Pelaburan MARA Berhad and Islamic Corporation for the Development of the Private Sector (ICD) [subsidiary of Islamic Development Bank (IDB)]. YM Tengku Badli is currently the Group Chief Operations Officer of Pelaburan MARA Berhad Group and Executive Director of PMB Investment Berhad.

YM Tengku Badli is also actively involved in serving the society. He was commissioned as Major (Honorary) of Regimen 506AW, Angkatan Tentera Malaysia on 8 June 2011 and appointed as Justice of The Peace by The Sultan of Kelantan on 11 November 2012.

He does not hold any shares in NetX and he is also a Director of Asia Bioenergy Technologies Berhad. YM Tengku Badli is a member of the Audit and Risk Management Committee as well as the Nominating and Remuneration Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

Yong Ket Inn

Malaysian, 60 years old, Male
Independent Non-Executive Director

Yong Ket Inn ("Mr Yong") is an Independent Non-Executive Director of NetX appointed on 9 June 2015. Mr Yong holds an honours degree in Bachelor of Science in Management and Administrative Studies from University of Aston in Birmingham.

Mr Yong is a fellow member of the Institute of Chartered Accountants in England and Wales and Malaysian Institute of Taxation. He has been a member of the Malaysian Institute of Accountants since 1987 and has over 25 years working experience in the field of accounting, auditing and taxation. He started his career at a Chartered Accountants firm in England. During his career, he held the position of Head of Finance in various offshore engineering and shipbuilding companies, integrated steel mill and IT companies.

Mr Yong does not hold any shares in NetX. He is also a Director of MTouche Technology Berhad. He is the Chairman of the Audit and Risk Management Committee and also a member of the Nominating and Remuneration Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

Profile of Directors

Chu Chee Peng
Malaysian, 46 years old, Male
Independent Non-Executive Director

Chu Chee Peng ("Mr Chu") is an Independent Non-Executive Director of NetX appointed on 9 June 2015. Mr Chu graduated from the Coventry University in Business Administration and Post Graduate Diploma from Chartered Institute of Marketing, The United Kingdom.

Mr. Chu was formerly the Vice President for Agensi Inovasi Malaysia ("AIM"), a statutory body set up by the Malaysian government, since 2012. Prior to joining AIM, he headed up the properties division for public listed companies in Malaysia.

He has extensive experience covering activities involved in identifying new business opportunities, developing and executing investment strategies that significantly contribute to the company and Nation's income as well as the development of new funding structure/ecosystem and creation of high value jobs.

Mr Chu does not hold any shares in NetX. He is also a Director of Asia Bioenergy Technologies Berhad. He is the Chairman of the Nominating and Remuneration Committee as well as a member of the Audit and Risk Management Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

Tan Sik Eek
Malaysian, 41 years old, Male
Executive Director

Tan Sik Eek (Steve) is an Executive Director of NetX appointed on 21 April 2015. Steve majored in Economics and Political Science at the University of Sydney, Australia.

Steve brings with him more than a decade of experience ranging from corporate finance advisory to private equity investments. He was previously a Partner at House of Qin Ltd, a Beijing-based private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, Steve was the South East Asia Partner of Value Creation Strategies Sdn. Bhd., a Kuala Lumpur-based advisory firm specializing in securing funding from a series of established North America global hedge funds, for companies listed on the regional capital markets.

Steve previously held positions in Devonshire Capital LLC, a boutique investment bank headquartered in Hong Kong, as well as in the corporate finance division of RHB Investment Bank.

He does not hold any shares in NetX. He is also a Director of Asia Bioenergy Technologies Berhad, AT Systematization Berhad and XOX Berhad. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

PROFILE OF KEY SENIOR MANAGEMENT

The Key Senior Management consists of Executive Director of NetX Holdings Berhad, Mr Tan Sik Eek. His profile is listed in the Profile of Directors of this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of NetX Holdings Berhad (“Company” or “NetX” or “Group”) is pleased to present the report of the Audit and Risk Management Committee for financial year ended 30 June 2017.

COMPOSITION AND MEETING ATTENDANCES

The composition of the Audit and Risk Management Committee (“ARMC” or “Committee”) comprises of three (3) Independent Non-Executive Directors, which is in line with Bursa Malaysia Securities Berhad’s ACE Market Listing Requirements (“ACELR”) rule 15.09 (1)(a) and (b). The ARMC held five (5) meetings during the financial year ended 30 June 2017. The composition and the attendance by each member at the ARMC Meeting during the financial year are as follows:

Member	Designation	Directorship	Attendance
Yong Ket Inn	Chairman	Independent Non-Executive Director	5/5
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Member	Senior Independent Non-Executive Director	5/5
Chu Chee Peng	Member	Independent Non-Executive Director	5/5

The Chairman of ARMC, Mr Yong Ket Inn is a fellow member of the Institute of Chartered Accountants in England and Wales and Malaysian Institute of Taxation and also a member of the Malaysian Institute of Accountants since 1987. Accordingly, the Company is in compliance with rule 15.09 (1)(c) of ACELR.

The Audit Committee has been renamed to Audit and Risk Management Committee as the terms of reference of the Audit Committee had included the risk management functions, which is in compliance with the new Malaysian Code on Corporate Governance 2017. The Terms of Reference of the ARMC which laid down its duties and responsibilities is accessible via the Company’s website at www.netx.com.my.

The performance of ARMC and its members and their term of office are reviewed annually by the Nominating and Remuneration Committee (“NRC”) via a performance evaluation process, where the contribution of each member and their independence are assessed. The NRC will then recommend to the Board on whether there is a need to change the composition of the ARMC based on the assessment conducted.

SUMMARY OF WORK OF THE ARMC

The Committee had carried out the following work during the financial year ended 30 June 2017 in discharging their duties and responsibilities:

1. **Financial Reporting**

   a. Reviewed the quarterly financial statements as listed below, including the draft announcements pertaining thereto and made recommendations to the Board of Directors for approval of the same:

Date of Meetings	Review of Quarterly Financial Statements
26 August 2016	Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 June 2016
24 November 2016	First quarter results for financial year ended 30 June 2017
21 February 2017	Second quarter results for financial year ended 30 June 2017
18 May 2017	Third quarter results for financial year ended 30 June 2017

The ARMC reviewed and ensured that the Group’s quarterly financial reporting and disclosures present a true and fair view of the Group’s financial position and performance and are in compliance with the Malaysian Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting Standards in Malaysia and International Accounting Standards (“IAS”) 34 – Interim Financial Reporting as well as applicable disclosure provisions of the ACELR.

Audit and Risk Management Committee Report

SUMMARY OF WORK OF THE ARMC (CONTINUED)

1. Financial Reporting (continued)

b. Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2016 at its meeting held on 10 October 2016, and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements.

The ARMC considered and reviewed the integrity of information in the financial statements and quarterly reports, focus particularly on any changes in accounting policies and practices, significant adjustments resulting from the audit, significant judgements made by management, significant and unusual events or transactions, going concern assumption, completeness of disclosures and compliance with accounting standards.

2. External Audit

a. Evaluated the performance of the External Auditors for the financial year ended 30 June 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The ARMC satisfied with the independence, suitability and performance of Messrs Ecovis AHL PLT ("Ecovis"), had recommended to the Board for approval, the re-appointment of Ecovis as External Auditors for the ensuing financial year of 30 June 2017 at its meeting held on 10 October 2016, which was approved by the shareholders at the Fifteenth Annual General Meeting held on 24 November 2016.

b. Discuss with External Auditors on the Audited Financial Statements for the financial year ended 30 June 2016 and, had a private session with External Auditors without the presence of the management and secretary at its meeting held on 10 October 2016.

c. Reviewed and discussed with External Auditor, and made recommendations to the Board, the Audit Review Memorandum for the financial year ended 30 June 2016 at its meeting held on 26 August 2016. The Audit Review Memorandum outlined the audit status, significant audit and accounting issues and material weaknesses in internal control, in relation to the audit for the financial year ended 30 June 2016.

d. Reviewed with the External Auditors at the meeting held on 18 May 2017, their audit plan for the financial year ended 30 June 2017, outlining the audit scope, methodology and timetable, audit materiality and tolerable misstatement, areas of audit emphasis, and audit engagement team. The External Auditor also updated the ARMC with new Malaysian Financial Reporting Standards and listing requirements in relation to the financial reporting as well as the new Malaysian Approved Standards on Auditing.

3. Internal Audit

a. Reviewed Internal Audit reports on various non-listed operating subsidiaries of the Group such as:-
   i. Acquisition and Handling of EFTPOS Terminals
   ii. Rental and Maintenance of EFTPOS Terminals
   iii. Merchant Sourcing, Acceptance and Management
   iv. Accounting Management
   v. Financial Statement Closure

b. The ARMC reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

c. The ARMC assessed and reviewed the internal audit function report tabled at its meeting held on 24 November 2016. The ARMC was of the view that the internal audit function were adequate and appropriate and agreed to table the said report to the Board. The ARMC also approved the reply letter and confirmation to Bursa Malaysia in relation to the Internal Audit Function.

Audit and Risk Management Committee Report

SUMMARY OF WORK OF THE ARMC (CONTINUED)

4. Related Party Transactions

Reviewed and considered transactions with Related Parties to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's business practices and policies, not prejudicial to the interests of the Group and its minority shareholders and on terms which are generally no more favourable to the related parties (pursuant to Chapter 10 of ACELR).

The listing of related party transactions were presented for ARMC review at its four meetings held during the financial year, together with the quarterly financial statements.

5. Other activities

a. Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report on 10 October 2016.
b. Discussed and approved the updated Risk Register at is meeting held on 10 October 2016.
c. Verified the allocation of options pursuant to the Share Issuance Scheme in compliance with the criteria stipulated in the By-Laws of Share Issuance Scheme at its meeting held on 13 October 2017.

Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to provide the ARMC with an independent assessment on the adequacy and effectiveness of the Group's risk management and internal control system.

The outsourced internal auditor reports functionally to the ARMC and administratively to the Board, and accomplish its objectives by adopting a systematic and disciplined approach to evaluate and continuously improve the effectiveness of risk management, control and governance process of the Group. The Internal Auditors carry out its function in accordance to the Internal Audit Standards set forth in the International Professional Practises Framework issued by the Institute of Internal Auditors and other nationally and internationally recognised framework.

The internal audit were carried out based on audit plan approved by the ARMC. The audit plan took into consideration the Corporate and Divisional Risk Profiles and input from the senior management and the ARMC members. The ARMC works with the Internal Auditors to ensure that the internal audit plan encompasses the audit of significant operating units in the Group and the follow-up audits.

The results of the audits in the Internal Audit reports were reviewed by the ARMC. The Internal Auditor provides independent and objective reports on the state of internal controls system, with recommendations for improvement, so that remedial actions can be taken in relation to weaknesses noted in the systems. The relevant Management members are made responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframes. Internal Auditors will conduct follow-up audits to ensure that the corrective actions are implemented appropriately. In this respect, the Internal Auditors have added value by enhancing the governance, risk management and control processes within the Group.

The total cost incurred for the internal audit function for the financial year ended 30 June 2017 amounted to RM11,000.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) of NetX Holdings Berhad (“Company” or “NetX” or “Group”) recognizes the importance of adopting high standards of corporate governance in its efforts to safeguard stakeholders’ interest as well as enhancing shareholders’ value. The Group is moving towards ensuring full compliance with principles, recommendations and best practices of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) issued by the Securities Commission.

The Board is pleased to set out below the manner in which the Group has applied the principles and recommendations set out in the MCCG 2012 during the financial year except where otherwise stated.

1. ROLES AND RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the Code to discharge its stewardship and fiduciary responsibilities. The key matters reserved for approval by the Board are the quarterly financial results, audited financial statements, significant expenditures, significant acquisitions and disposals, appointment of Directors/Board Committee members, related party transactions and other relevant matters affecting the Group’s operations.

Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the board accountability by providing their independent views, advice and judgement in safeguarding the interests of the shareholders. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group’s strategic and corporate objectives, policies and decisions

The Chairman is responsible for the board effectiveness and conduct whilst the Executive Director has the overall responsibilities over the Group’s operating units, organizational effectiveness and implementation of Board policies and decisions. The Executive Directors are the decision maker and involved in leadership role overseeing the day to day operations and management and are accountable for the conduct and performance of the Group’s businesses.

The Board has set the management authority limit and retained its authority of approval on significant matters.

1.2 Roles and Responsibilities of the Board

The Board is ultimately responsible for the stewardship of the Group’s strategic direction and development.

The major responsibilities of the Board as outlined in the Board’s Terms of Reference and Board Charter include amongst others, as follows:

i. Adopting and reviewing the strategic plan for the Group.

The Board set the Group’s strategy, performance target and long term goals of the business and ensure that resources are available to meet its objective. The Board reviewed the strategic plan of the Group and its businesses tabled by Management at its meeting.

ii. Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed and sustained.

The Board of Directors’ meetings are chaired by the Chairman who is an independent Non-Executive Director. The day to day management is controlled by the Executive Director and a management team in managing the Group’s business. The Board’s role is to overseas the performance of management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board Meeting when reviewing the unaudited quarterly results and annual audited financial statements. During such meetings, the Board participated actively in the discussion of the performance of the Group.

Statement of Corporate Governance

1. **ROLES AND RESPONSIBILITIES (CONTINUED)**

1.2 Roles and Responsibilities of the Board (continued)

iii. Identify principal risks and ensuring the implementation of appropriate internal control systems to manage these risks.

The Board is assisted by the management in the implementation of the Board's policies and procedures on risk management by identifying and assessing the risks faced, and in the design, operation and monitoring suitable internal control to mitigate and control these risks.

Further details on the Enterprise Risk Management Framework are presented in the Statement on Risk Management and Internal Control of this Annual Report.

iv. Review the adequacy and integrity of the Group's management information and internal control systems of Group.

The internal audit function are outsourced to a professional service firm, assists the Board and the Audit and Risk Management Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system.

The effectiveness of the management information and system of internal controls is reviewed by the Audit and Risk Management Committee periodically during its quarterly meetings, based on recommendation by the outsourced internal auditor. Details of the Group's internal control system are presented in the Statement on Risk Management and Internal Control of this Annual Report.

v. Overseeing the development and implementation of a shareholder communication policy for the Group.

The Board has implemented a shareholder communication policy, which available at the Company website to ensure effective communication with its shareholders. The Company's website at www.netx.com.my also contains an Investor Relations section and a dedicated email address where the shareholders could communicate with the Board.

The Board has identified YM Tengku Ahmad Badli Shah Bin Raja Hussin to be the Chairman of the Company and the Senior Independent Non-Executive Director of the Board to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders.

vi. Succession planning.

The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption.

The Board has also formed different Board Committees, comprising mainly the non-executive and independent directors, to support and provide independent oversight of management and to ensure that there are appropriate checks and balances in place. Currently, the various Board Committee are the Audit and Risk Management Committee and Nomination and Remuneration Committee. Each of the Board Committee operates within its respective terms of reference that clearly define its respective functions and authorities.

1.3 Ethical Standards through Code of Conduct

The Group has put in place a Code of Conduct for the Directors and employees that set the guidelines for their conduct. It is used to ensure issues and matters are properly understood by all Directors and employees during the tenure of their employment.

The Group has also put in place its whistleblowing policy and procedures by which an employee or stakeholder can report or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, non-compliance and unethical business conduct. The identity of the whistleblower is kept confidential and protection is accorded against being disadvantaged in any way such as victimization, retribution and harassment.

The Director's Code of Conduct and the Whistleblowing Policy are available at the Company's website at www.netx.com.my. The employee's code of conduct is set out in the Employee Handbook. Any improper conduct may be reported in writing directly to chairman@netx.com.my, which is accessible by the Chairman.

Statement of Corporate Governance

1. ROLES AND RESPONSIBILITIES (CONTINUED)

1.4 Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. The Company strives to achieve a sustainable long-term balance between meeting its business goals and compliance to relevant environmental and related legislation as well as ensuring a safe and healthy working environment.

The Corporate Social Responsibility Policy can be found at the company's website at www.netx.com.my. The details of the sustainability effort are presented in the Sustainability and Corporate Social Responsibility section under Other Compliance Information in this Annual Report.

1.5 Board Meetings and Access to Information and Advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, in a timely manner in order for the Board to discharge its responsibilities. A Director may seek independent legal, financial or other advice as they consider necessary at the expense of the company as a full Board or in their individual capacity, in the furtherance of their duties.

The Board meets at least four (4) times a year, once every quarter and additional meetings will be convened between the scheduled meetings as and when necessary where any direction and decisions are required expeditiously from the Board. The agenda for the Board Meetings, together with appropriate reports and information on the Group's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings, in sufficient time so that all Directors are given time to prepare, evaluate, obtain additional information or clarification prior to the meeting.

The proceedings and resolutions reached at each Board Meeting are documented in the minutes and signed by Chairman. Besides Board Meetings, the Board also exercises control on matters that require the Board's approval through circulation of Directors' Resolutions.

The Board has access to the advice and services of the Company Secretary who is suitably qualified and competent to support the Board. The Company Secretary is responsible for providing support and guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.

The Company Secretary provides support to the Chairman to ensure the effective functioning of the Board and also organizes and attends all Board meetings and Board Committees meetings, ensuring that an accurate and proper record of deliberation of issues discussed, decisions and conclusions are taken.

The Company Secretary records, prepares and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, The Company Secretary also updates the Board regularly on amendments to the ACELR, practice and guidance notes, circulars from Bursa Malaysia Securities Berhad, legal and regulatory developments and impact, if any, to the Group.

1.6 Board Charter

Pursuant to the MCCG 2012, the Company has established a Board Charter which sets out the Board's functions and responsibilities, including division of responsibilities between the Board, the different Board Committees, the Chairman and the Executive Director. A set of Directors' Code of Conduct has also been formalized which including the key values, mission, principles and ethos of the Company.

The Board Charter serve as a reference and primary induction literature, providing Board members and management insights into the function of NetX Board. Board reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.

Both Board Charter and Directors' Code of Conduct are also available on the Company's website at www.netx.com.my. The Board Charter is subject to review from time to time and in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Statement of Corporate Governance

2. BOARD COMPOSITION

The Board currently consists of four (4) members, of whom two (2) are Independent Non-Executive Directors, one (1) Independent Non-Executive Chairman and one (1) Executive Director.

The Board members with their diverse academic qualifications, background and experience enable the Board to provide clear and effective leadership to the group as well as sharing experiences and ideas and make independent judgement to many aspects of the Group's strategy and performance so as to ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group. A brief profile of each Director is presented in the Profile of Directors in this Annual Report.

The Company has established two Committees of Directors ("Committees") to assist in the performance of certain duties of the Board. The Board delegates specific responsibilities to the respective Committees, namely the Audit and Risk Management Committee and the Nomination and Remuneration Committee, each of which has clearly defined terms of reference and its own functions, delegated roles, duties and responsibilities. The Board reviews the functions and terms of reference of Committees from time to time to ensure that they are relevant and updated in line with the MCCG 2012 and other related policies or regulatory requirements.

2.1 Audit and Risk Management Committees ("ARMC")

The composition of the ARMC comprises of three (3) Independent Non-Executive Directors.

The terms of reference and key functions of ARMC are available on the Company's website at www.netx.com.my. A summary of works of the ARMC during the financial year are presented separately in the Audit and Risk Management Committee Report in this Annual Report.

2.2 Nomination and Remuneration Committees ("NRC")

The NRC consists of three members, all of whom are Independent Non-Executive Directors.

Under its terms and reference, the functions of the NRC are as follows:

- assess the suitability of candidates in terms of the competencies, commitment, contribution and performance;
- recommend to the Board the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s);
- recommend to the board, directors to fill the seats on board committees;
- assess the effectiveness of the board as a whole, the committees of the board and the contribution of each existing individual director and thereafter, recommend its findings to the board;
- review the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the board;
- review the board succession plans and training programs;
- facilitate board induction and training programmes;
- review on annual basis the term of office of each of the ARMC members and performance of the ARMC and each of its members; and
- recommend to the board, the remuneration packages of executive directors of the Company in all its forms, drawing from outside advice as necessary.

The NRC met once during the financial year ended 30 June 2017. The summary of the activities of the NRC during the financial year are as follows:

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the board committees and contribution of each individual directors.
- Discussed the Company's Directors' retirement by rotation.
- Assessed the performance of the ARMC, and its members and their term of office.
- Reviewed the remuneration package of Executive Director.
- Recommended to the Board for approval the meeting attendance fee and directors' fees for shareholders' approval.

Statement of Corporate Governance

2. BOARD COMPOSITION (CONTINUED)

2.3 Appointment and Re-election of Directors

The NRC has been entrusted with the responsibility to identify and review candidates for appointment to the Board. The Board has established a nomination process of board members to facilitate and provide a guide for the NRC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company. The NRC is responsible to identify and recommend candidate to fill vacancy arises from resignation, retirement or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board.

Upon receiving a nomination for new Director, the review process entail the assessment of the candidates' background, experience, knowledge and skills critical to the Group's business. Other criteria such as integrity, wisdom, independence of the candidates, existing commitments, potential risk and/or conflict of interest are also considered in the assessment of suitability of candidates for appointment to the Board.

Upon the evaluation of the candidates, the NRC shall report to the Board of its findings and recommendations. The Board would base on the recommendations of the NRC to proceed to approve or decline the appointment of the candidates as the new Directors of the Company.

The procedure for re-election of directors who retire by rotation is set out in the Company's Articles of Association. At each annual general meeting of the Company, one-third (1/3) of the directors for the time being or if their number is not three (3) or a multiple of the three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC is based on the yearly assessment conducted.

2.4 Annual Assessment

The NRC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors.

The NRC carry out evaluation of board effectiveness in the areas of composition, roles and responsibilities, and whether the respective Board Committees effectively discharged their functions and duties in accordance with their terms of reference. The evaluation process involved self-review assessment, where Directors will assess their own performance.

Based on the qualification, expertise and exposure of Board members and their participation at Board/Committee meetings, the Board is satisfied with the performance and contribution of each member of the Board through the annual assessment by the NRC conducted in October 2017. The assessment and evaluation is properly documented.

2.5 Diversity Policy

The Board recognizes the merits of Board Diversity in adding value to collective skills, perspective and strengths to the Board. The Board endeavours to have diversity of the Board and its workforce in terms of gender, experience, qualification, ethnicity and age. The NRC is responsible in ensuring that diversity objective are adopted in board recruitment, board performance evaluation and succession planning processes whereas diversity in workforce shall be decided by the Management.

The Board also recognizes that gender diversity is of importance to the boardroom and will continue to encourage and propose women candidates subject to identification of suitable candidates with appropriate skills.

Statement of Corporate Governance

2. BOARD COMPOSITION (CONTINUED)

2.6 Directors' Remuneration

The Board has established a remuneration policy to facilitate the NRC to review, consider and recommend to the Board for decision on the directors' remuneration. The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term goals and enhance shareholders' value. The Board's objective is to offer a competitive remuneration package in order to attract, develop and retained talented individuals to serve as directors.

The NRC recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Director(s) to manage the business of the Group. Executive director is remunerated based on the Group's performance, market conditions and his responsibilities whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and level of responsibilities assumed in committees and the Board.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.

The Directors' remuneration paid or payable to all Directors of the Company (by Company and by Group) for financial year ended 30 June 2017 were as follows:

Company	**Executive Director RM**	**Non-Executive Directors RM**	**Total RM**
Salaries & other emoluments	2,500	7,500	10,000
Fees	72,000	156,000	228,000
Total	74,500	163,500	238,000

Group	**Executive Director RM**	**Non-Executive Directors RM**	**Total RM**
Salaries & other emoluments	2,500	7,500	10,000
Fees	72,000	156,000	228,000
Total	74,500	163,500	238,000

The number of directors in office at the end of the financial year and their total remuneration from the Group categorized into the various bands were as follows:

	Executive Director	**Non-Executive Directors**	**Total**
RM50,000 and below	-	2	2
RM50,001 to RM100,000	1	1	2
Total	1	3	4

3. BOARD INDEPENDENCE

The current Board composition complies with Rule 15.02 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Securities whereby majority of the Board members are Independent Directors.

The three (3) Independent Directors are responsible for bringing independent judgement as well as providing scrutiny to the Board's decision making and challenges to the Management. They play an important role in corporate accountability and this is reflected by their membership and attendances at the various Board Committees of the Company.

None of the Independent Directors participate in the daily management of the group to ensure that they are free from any relationship which could interfere with the exercise of independent judgement in the best interests of the Company and the shareholders.

Statement of Corporate Governance

3. BOARD INDEPENDENCE (CONTINUED)

3.1 Annual Assessment of Independence

The Board conducts assessment on the independence of the Independent Directors on yearly basis. During the financial year, the Board obtained confirmation of independence from the Independent Directors and none of the independent director disclosed any relationships that could materially interfere with or be perceived to materially interfere with their independent judgement and ability to act in the best interests of NetX. The Board is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the ACELR.

3.2 Tenure of Independent Directors

Pursuant to the recommendation 3.2 of the MCCG 2012, the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Company retains the Director as an Independent Director, the Board must justify and seek shareholders' approval at the Annual General Meeting ("AGM").

The Board does not have a formal policy to limit the tenure of independent directors, however the Board notes the recommendations of MCCG 2012 and shall address the matter when the time arises.

At present, the Board does not have any Independent Directors who have served the Board exceeding the tenure of 9 years.

3.3 Separation of positions of the Chairman and CEO

The Group has not appointed a Group Chief Executive Officer. Nonetheless, the Chairman, Independent Non-Executive Directors and Executive Director are different individuals. The Chairman is an Independent Non-Executive Director and not related to the Executive Director.

There is clear division of responsibilities between the Chairman and the Executive Director. The Chairman plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group through regular meetings and to ensure that decisions are arrived after taking into consideration the interests of all stakeholders. The Executive Director is responsible for the day-to-day management of the Group's business, which includes implementing the policies and decisions of the Board. The Executive Director reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters affecting the Group.

The separation of powers, combined with the presence of the Independent Directors, ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

4. BOARD COMMITMENT

4.1 Time Commitment

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. The Board on an annual basis would agree on the meeting dates for the whole year so that each member of the Board is able to plan his schedule accordingly.

The nomination process on the acceptance of new directorship by the members of the Board require the new director to confirm his commitment that the new directorship would not impair his time commitment with the Group.

Statement of Corporate Governance

4. BOARD COMMITMENT (CONTINUED)

4.1 Time Commitment (continued)

There were five meetings held during the financial year ended 30 June 2017 and the attendance record of the board were as follows:

Director	Directorship	Attendance
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Senior Independent Non-Executive Director	5/5
Tan Sik Eek	Executive Director	5/5
Chu Chee Peng	Independent Non-Executive Director	5/5
Yong Ket Inn	Independent Non-Executive Director	5/5

4.2 Directors' Training

All existing Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and were constantly given updates by the Company Secretary on the various amendments to the listing requirements. The Directors are encouraged to attend continues education programs, conferences, seminars or forums to keep abreast with the latest developments in the market place as well as to further enhance their business acumen and professionalism in discharging their duties to the Group.

The Directors individually will determine their training needs on a continuous basis. The Board ensures that its members have access to appropriate continuing education programs.

The seminars, conferences and training programs attended by the Directors during the financial year ended 30 June 2017 are as follows:

Name of Director	Seminars / Conference / Forum Attended
YM Tengku Ahmad Badli Shah Bin Raja Hussin	• Rising The Bar in Board's Performance and Effectiveness
Tan Sik Eek	• Private Equity Forum 2016 • CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks" • Half-day Entrepreneurship Clinic: 1. Impacts of New Companies Act 2016 on You 2. Recent Development on Tax & GST updates.
Chu Chee Peng	• The inside Story of the Annual Report - What Directors Must Know • Half-day Entrepreneurship Clinic: 1. Impacts of New Companies Act 2016 on You 2. Recent Development on Tax & GST updates
Yong Ket Inn	• Meetings – Valid or Invalid? • Half-day Entrepreneurship Clinic: 1. Impacts of New Companies Act 2016 on You 2. Recent Development on Tax & GST updates

5. FINANCIAL REPORTING

5.1 Compliance with Financial Reporting Standards

The Board through the ARMC endeavors to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects, through the annual audited financial statements and quarterly financial reports, and corporate announcements on significant developments affecting the Group in accordance with the Listing Requirements of Bursa Securities.

Statement of Corporate Governance

5. FINANCIAL REPORTING (CONTINUED)

5.1 Compliance with Financial Reporting Standards (continued)

The Board is also responsible to ensure that financial statements are prepared in accordance with the provisions of the Companies Act, 2016 and the applicable financial reporting standards in Malaysia. The Statement of Directors' Responsibility in respect of the annual audited financial statements is presented in the section of Directors' Responsibility Statement on Financial Statements in this Annual Report.

The Board is assisted by the ARMC in overseeing the Group's financial reporting process and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations. The ARMC reviewed the quarterly and annual audited financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or shareholders. A full ARMC Report detailing its composition, and a summary of activities and work during the financial year are set out in Audit and Risk Management Committee Report in this Annual Report.

5.2 Relationship and Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditor through the ARMC. The ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Group's financial statements. The External Auditors would share with the ARMC on any significant issues on the financial statements and regulatory updates. In addition, the ARMC will also have private meeting with the External Auditors without the presence of the executive management team to enable exchange of views on issues requiring attention.

The ARMC has in place a policy to assess the performance, independence and quality of External Auditors on an annual basis and report to the Board its recommendation for the re-appointment of the External Auditors at the Annual General Meeting. The area of assessment include among others, the External Auditors caliber, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees.

As part of the evaluation process, the ARMC will obtain feedback from the management team on the quality of the audit service of the External Auditors. The External Auditors provide written assurance to the ARMC that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Board at its meeting held on 10 October 2016 approved the ARMC's recommendation and agreed to put forward a resolution on the re-appointment of Messrs. Ecovis AHL PLT to the shareholders for approval at the forthcoming annual general meeting.

The non-audit fees paid or payable to External Auditors for the financial year ended 30 June 2017 amounted to RM3,000. The non-audit services were in respect of annual review of the Statement of Risk Management and Internal Control.

6. RISK MANAGEMENT

6.1 Risk Management Framework

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the ARMC, the External Auditors and the Internal Auditors, who will report directly to the ARMC on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

Further details of the risk management framework and the system of internal control of the Group are presented in the Statement of Risk Management and Internal Control of this Annual Report.

Statement of Corporate Governance

6. RISK MANAGEMENT (CONTINUED)

6.2 Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to provide the ARMC with an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal auditor reports functionally to the ARMC and administratively to the Board. Its responsibilities include providing independent and objective reports on the state of internal controls of the significant operation units in the Group to the ARMC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

The ARMC works with the Internal Auditors to ensure that the internal audit plan encompasses the audit of the essential services and the follow up on the audits. The internal auditor are required to perform periodic testing of the internal control systems to ensure that the system is robust.

Information on the Company's risk management framework and internal control system is presented in the Statement of Risk Management and Internal Control of this Annual Report.

7. TIMELY CORPORATE DISCLOSURE

The Company has adopted a Corporate Disclosure Policy and Procedures aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders, and the investing public in general as required by Bursa Securities. The Corporate Disclosure Policy is available on the Company's website at www.netx.com.my.

The Board ensures that all material information and corporate disclosures are discussed with the management prior to dissemination to ensure compliance with the Listing Requirements. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities corporate disclosure guides as published by Bursa Securities from time to time. The Board delegated the authority to the Executive Director to ensure that Corporate Disclosure Policy is being adhered to by the Management and Company Secretary. The Executive Director is also given the authority to approve all announcements.

The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Group, Annual Reports, Quarterly reports, Corporate policies and contact information.

8. RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. It ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.

The Annual General Meeting ("AGM') is the main delivery channel for dialogue with all shareholders. The Company sends out the Notice of the AGM and Annual Report to shareholders at least twenty-one (21) days before the date of the meeting. Shareholders are encouraged and are given ample opportunities to review the annual report, to appoint proxies and to collate questions to be asked at the AGM.

During the AGM, the shareholders are invited to raise questions pertaining to the financial performance, the business activities of the Group and matters tabled at the general meeting. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders. Suggestions and comments by shareholders in the AGM will be noted by the Board for consideration.

With effect from 1 July 2016, all resolutions put forth at the AGM for a vote shall be decided by poll.

Information on shareholder communication policy and shareholders' rights relating to general meeting is available at www.netx.com.my.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of NetX Holdings Berhad ("NetX" or "Group") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its ongoing efforts to practice good corporate governance. The Board is pleased to provide the following Statement of Risk Management and Internal Control for the financial year ended 30 June 2017. This statement is made in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

RESPONSIBILITY OF THE BOARD

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risk and ensuring the implementation of appropriate systems to manage the risks in accordance with best practices of the Code.

The Board has established an on-going process to continuously review the adequacy and effectiveness of the Group's risk management framework and system of internal control. The Board through its Audit and Risk Management Committee supported by the Internal Auditor that is independent of the activities it audits, conducted periodic assessments during the financial year to ensure proper risk governance and determine the nature and extent of the significant risks that may hinder the Group from achieving its objectives are being adequately evaluated, managed and controlled. Audit Issues as well as actions agreed by the Management to address them were tabled and deliberated by Internal Auditor during the Audit and Risk Management Committee Meetings, the minutes of which are then presented to the Board.

The Board is assisted by the management in the implementation of the Board's policies and procedures on risks and control by identifying and assessing the risks faced, and in the design, operation and monitoring suitable internal control to mitigate and control these risks. The Board has received assurances from the Executive Director that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

However, due to the limitations inherent in any risk management and internal control systems, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve Group's business objectives. Therefore, the systems can only provide a reasonable and not an absolute assurance against the occurrence of material misstatement, loss or fraud. The internal control systems of the Group covers, inter alia, risk management, financial, operational and compliances aspects.

RISK MANAGEMENT FRAMEWORK

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Board of Directors and Audit and Risk Management Committee review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Audit and Risk Management Committee is assisted by the Management and internal auditors to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The following initiatives are undertaken by the Group during the period of review:

- Review and Update Risk Management Policies and Framework of the Group;
- Establish Risk Management Governance Structure within the risk management framework of Group;
- Interviews and discussions were held with Risk Owners to discuss on the risks identified; and
- Update of the Risk Profile of the Group and action plans to be undertaken to manage the principal risks of the Group.

The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

Statement of Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (CONTINUED)

Exceptions and improvement opportunities have been reported to the Audit and Risk Management Committee to enhance the effectiveness of the governance, risk management and internal control processes of the Group.

The development and documentation of risk management processes will continue to be enhanced and the Board will report on the status of the said development in due course.

KEY INTERNAL CONTROL PROCESSES

Key features of the company's internal control system encompasses the following:

- A formal organizational structure and discretionary authority limits are in place with defined lines of reporting, to align with business and operational requirements. Formal limits of authority delegation are implemented for planning, executing, controlling and monitoring business operations. The authority limits is summarized in authority matrix.
- Documentation of standard operating procedures and ensuring that internal policies, processes and procedures are drawn-up, reviewed and revised as and when required and necessary.
- Board Committees are set up by the Group to uphold corporate governance and transparency with its specific terms of reference and authority. The Board Committees comprise of Audit and Risk Management Committee, Nominating and Remuneration Committee. These Committees report to the Board and provide relevant recommendations for Board's decision.
- An Audit and Risk Management Committee, of which comprises Independent Non-Executive Directors, was maintained throughout the year. The Audit and Risk Management Committee convenes meetings at least once every quarter, and discuss among others on the financial results, internal audit findings, related party transactions, risk management and on the external auditors' appointment and their external audit plan and results.
- Employee handbook is provided to employees of the Group. It guides the employees in carrying out their duties and responsibilities covers areas such as compliance with applicable local laws and regulations, integrity, conduct in workplace, business conduct, and protection of the Group's assets, confidentiality and conflict of interest.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit and Risk Management Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The Internal Auditor reports independently to the Audit and Risk Management Committee and internal audit proposals are tabled to the Audit and Risk Management Committee for review and approval to ensure adequate coverage. The responsibilities of the internal auditors include conducting audits, submitting findings and independent report to the Audit and Risk Management committee on the Group's systems of internal control.

The Internal audit also aims to advise management on areas for improvement. Highlight on significant findings in respect of any non-compliance and subsequently performs follow-up reviews to determine the extent to which the recommendations have been implemented. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care.

During the year under review, a number of internal control weaknesses have been identified and all of which have been or are being addressed by the management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

The total cost incurred for the internal audit function for the financial year ended 30 June 2017 amounted to RM11,000.

Statement of Risk Management and Internal Control

CONCLUSION

The Board has obtained assurance from the executive management team that the risk management and internal control systems are operating adequately and effectively, in all material aspects for the financial year under review. There was no material control failure that would have any material adverse effect on the financial results of the Group for the year under review and up to the date of issuance of the financial statements.

The Board is of the view that the risk management and internal control systems is adequate and effective to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirement, the External Auditors have reviewed this Statement for inclusion in the 2017 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Right Issue with Warrants

The Company has raised cash proceeds of RM31.278 million from the Right Issue with Warrants which was completed on 16 June 2016. The Board has on 21st February 2017 approved the revision of the proposed proceeds utilisation. The summary of the utilisation of proceeds were as follows:-

Purpose	Proposed Utilisation (RM'000)	Revision (RM'000)	Proposed Utilisation After Revision (RM'000)	Actual Utilisation (RM'000)	Balance as at 30 June 2017 (RM'000)	Intended Timeframe for Utilisation
Development of Electronic payment platform and solutions	10,000	-	10,000	5,162	4,838	Within 24 months
Expansion of existing business and acquisition of future business	12,778	3,036	15,814	12,648	3,166	Within 24 months
Repayment of exisitng bank borrowings	3,300	(3,036)	264	264	-	Within 6 months
Working Capital	4,200	-	4,200	3,276	924	Within 24 months
Corporate Exercise exp	1,000	-	1,000	1,000	-	Within 2 months
Total	31,278	-	31,278	22,350	8,928	

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors for the financial year ended 30 June 2017 is as follows:

Detail of fees	Group RM	Company RM
Statutory Audit fees	81,345	45,000
Non-audit fees for review of Statement of Risk Management and Internal Control	3,000	3,000
	84,345	48,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the company and/or its subsidiaries involving Directors', Chief Executive's and/ or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Other Compliance Information

4. LIST OF PROPERTY AS AT 30 JUNE 2017

Description of Property:
A renovated stratified four storey corner terraced shop office with lift.

Location:
1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani,
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

Tenure:
Leasehold interest for a term of 99 years, expiring on 21 February 2107.

Existing Use	Age of Building	Approximate area (built-up)	Net book Value (RM) as at 30-06-2017
Management Office	7 years	990 sq-metres	5,073,566

5. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE NATURE

During the financial year, there was no shareholders’ mandate for RRPT of revenue nature sought.

6. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability refers to not only corporate social responsibility practices but the adoption and application of environmentally responsible practices, sound social policies and good governance structures in order to minimize risks and volatility, whilst enhancing development impact of corporate activities.

The Group believed that pursuit of business objectives needs to take into account the social, economic and environmental aspects and ensure a good balance of these aspects. The Company is also adopting eco-friendly practices such as using of energy saving lights for daily operations.

Besides, the Company recognised that employees are the most valuable asset and acknowledged their invaluable contributions to the Company. The Company understands that long term sustainability depends on the ability to attract and retain talented and dedicated employees. Accordingly, employees are provided with a safe and healthy working environment with adequate medical benefits and insurance protection plans. On top of this, employees were sent for external training course in order to enhance their skill and competency.

7. SHARE ISSUANCE SCHEME (‘SIS”)

The SIS of the Company were approved by the shareholders at the Extraordinary General Meeting held on 21 January 2016 and is governed by the Bylaws.

The SIS was implemented on 24 November 2016 and shall be in force for a period of five (5) years and may be extended to such further period, at the sole and absolute discretion of the Board upon the recommendation by the Option Committee, provided always that the Initial Scheme Period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities from the effective date of the SIS.

The Company has not grant any SIS options during the financial year ended 30 June 2017.

Subsequent to the year-end, on 3 August 2017, a total of 162,500,000 options under the SIS were offered to eligible employees, which were fully exercised as at the date of this Annual Report. There were no options granted to directors, Senior management and Non-executive directors since the implementation of the SIS to employees.

DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 2016 in Malaysia and the Listing Requirements of Bursa Malaysia.

In the preparation of financial statements, the Directors consider:

- The Company has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates have been made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors have general responsibilities for taking such steps that are reasonably available to them so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, as well as to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally involved in the investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	912,321	(1,070,654)
Attributable to:		
Owners of the Company	1,078,691	(1,070,654)
Non-controlling interests	(166,370)	-
	912,321	(1,070,654)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year except for the issue of Warrants 2016/2019 and Share Issuance Scheme.

Directors' Report

WARRANTS 2016/2019

On 16 June 2016, the Company listed and quoted 625,553,033 free detachable warrants ("Warrants") pursuant to the Rights Issue with Warrants exercise on the basis of one (1) Warrant for every one (1) rights shares subscribed.

The Warrants are constituted by the Deed Poll dated 4 May 2016 ("Deed Poll").

The salient features and other terms of the Warrants are disclosed in Note 19(b) to the financial statements.

At the end of the financial year, 625,553,033 Warrants remained unexercised.

SHARE ISSUANCE SCHEME ("SIS")

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of a SIS up to thirty percent (30%) of the issued and paid-up share capital of the Company at any point in time throughout the duration of the scheme to eligible employees of the Company and its subsidiaries (excluding dormant subsidiaries) under a contract of service or for service. The directors of the Company do not qualify for participation in the SIS.

In accordance with Rule 6.44(1) of the Listing Requirements, the SIS became effective for a period of five (5) years from 24 November 2016, being the date of full compliance of the SIS. The salient features and other terms of the SIS are disclosed in Note 19(e) to the financial statements.

As at 30 June 2017, there was no SIS allocation yet.

Subsequently on 3 August 2017, 162,500,000 share options under the SIS at the option price of RM0.04 were granted and accepted by eligible employees.

DIRECTORS

The Directors who served the financial year up to the date of this report are:

Tengku Ahmad Badli Shah Bin Raja Hussin
Tan Sik Eek
Chu Chee Peng
Yong Ket Inn

DIRECTORS' INTERESTS

None of the Directors who held office at the end of the financial year had any interest in shares or Warrants 2016/2019 in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 32 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfies themselves that there are no known bad debts and that adequate allowance for doubtful debts had been made on receivables; and

b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

a. which would render writing off bad debts necessary or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

c. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

a. any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

b. any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

OTHER STATUTORY INFORMATION (continued)

In the opinion of the Directors:

a. the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction, or event of a material and unusual nature; and

b. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events occurring during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The significant events occurring after the financial year are disclosed in Note 37 to the financial statements.

SUBSIDIARIES

i. Details of subsidiaries are set out in Note 7 to the financial statements.

ii. The auditors' report on the financial statements of the subsidiaries does not contain any qualification by the auditors.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 29 to the financial statements.

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 October 2017.

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TAN SIK EEK

……………………………………………………………………..

TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **TAN SIK EEK** and **TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN**, being two of the Directors of **NETX HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 86 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flow for the financial year then ended.

The supplementary information set out in note 38 on page 86, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 October 2017.

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TAN SIK EEK

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TENGKU AHMAD BADLISHAH BIN RAJA HUSSIN

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, **TAN SIK EEK**, being the Director primarily responsible for the financial management of **NETX HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 41 to 86, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
abovenamed at Petaling Jaya)
in the Selangor Darul Ehsan)
On 20 October 2017.)

....

TAN SIK EEK

Before me,

WONG CHOY YIN
License No : **B508**
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NETX HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)
COMPANY NO: 533441-W

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NETX HOLDINGS BERHAD, which comprise the statements of financial position as at 30 June 2017 of the Group and the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 86.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue from service contract</u>

The Group's revenue for the current financial year is significantly contributed by the results of service contract amounting RM13,677,771, which represent 71% of the total Group's revenue.

The Group's recognition of revenue from the service contract is highly dependent on estimated total revenue and estimated total costs as well as the estimated stage of completion of the service contract.

The stage of completion is determined based on the proportion of contract costs incurred for work performed to-date to the estimated total contract costs.

This is a risk that the estimated revenue, costs or margins may be different from actuals, resulting in material variance in the amount of revenue and/or profit recognised in the current reporting period.

Our audit procedures included the following:

- assessed the reasonableness of management's assumptions used in the estimated total revenue and estimated total costs;
- tested the mathematical computation of the recognised revenue and costs during the financial year;
- discussed the progress of the projects and the expected outcome with the Director to obtain an understanding of the basis on which the estimates are made; and
- assessed actual costs incurred by examining evidences such as suppliers invoices, delivery orders, customs declaration form and other related documents.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Independent Auditors' Report
To the Members of NetX Holdings Berhad
(Incorporated In Malaysia)
Company No: 533441-W

Report on the Audit of the Financial Statements (Continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

d. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report
To the Members of NetX Holdings Berhad
(Incorporated In Malaysia)
Company No: 533441-W

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

e. Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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ECOVIS AHL PLT
AF 001825
Chartered Accountants

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CHUA KAH CHUN
No. 2696/09/19 (J)
Chartered Accountant

Kuala Lumpur

20 October 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	6,057,253	5,854,373	10,079	-
Intangible asset	6	2,324,416	3,215,333	-	-
Investment in subsidiaries	7	-	-	8,161,216	8,111,309
Goodwill on consolidation	8	692,874	692,874	-	-
Deferred tax assets	9	117,000	677,000	-	-
		9,191,543	10,439,580	8,171,295	8,111,309
CURRENT ASSETS					
Inventories	10	333,493	406,786	-	-
Trade receivables	11	8,755,260	7,137,122	-	-
Other receivables, deposits and prepayments	12	3,414,731	188,758	186,639	35,919
Amount owing by contract customers	13	13,690,391	-	-	-
Amount owing by subsidiaries	14	-	-	26,215,528	18,255,736
Tax recoverable		5,503	5,131	-	-
Short-term investment	15	2,701,910	-	2,701,910	-
Deposit placed with licensed bank	16	4,008,797	-	3,579,797	-
Cash and bank balances	17	5,086,946	27,623,751	443,192	16,098,467
		37,997,031	35,361,548	33,127,066	34,390,122
TOTAL ASSETS		47,188,574	45,801,128	41,298,361	42,501,431
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	26,843,954	62,555,303	26,843,954	62,555,303
Reserves	19	16,799,619	(21,789,471)	14,380,156	(20,260,539)
Equity attributable to owners of the Company		43,643,573	40,765,832	41,224,110	42,294,764
Non-controlling interest		(127,944)	(84,144)	-	-
TOTAL EQUITY		43,515,629	40,681,688	41,224,110	42,294,764
LIABILITIES					
NON-CURRENT LIABILITY					
Borrowings	20	2,556,652	2,877,832	-	-
CURRENT LIABILITIES					
Trade payables	21	420,576	420,576	-	-
Other payables and accruals	22	250,534	332,317	74,251	206,667
Deferred income	23	138,060	45,525	-	-
Provision for warranties	24	-	1,169,506	-	-
Borrowings	20	307,123	273,684	-	-
		1,116,293	2,241,608	74,251	206,667
TOTAL LIABILITIES		3,672,945	5,119,440	74,251	206,667
TOTAL EQUITY AND LIABILITIES		47,188,574	45,801,128	41,298,361	42,501,431

The accompaning notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	28	19,301,671	9,779,157	-	-
Cost of sales		(13,912,860)	(3,556,990)	-	-
GROSS PROFIT		5,388,811	6,222,167	-	-
Other income		573,976	132,992	277,443	7,005
Administrative expenses		(4,179,936)	(2,059,655)	(1,247,000)	(1,002,042)
Other operating expenses		(140,003)	(10,807,306)	(101,097)	(811,982)
OPERATING PROFIT/(LOSS)		1,642,848	(6,511,802)	(1,070,654)	(1,807,019)
Finance costs		(164,863)	(195,797)	-	-
PROFIT/(LOSS) BEFORE TAX	29	1,477,985	(6,707,599)	(1,070,654)	(1,807,019)
Tax expense	30	(565,664)	(1,630,805)	-	(9,417)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		912,321	(8,338,404)	(1,070,654)	(1,816,436)
Other comprehensive loss		(12,867)	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		899,454	(8,338,404)	(1,070,654)	(1,816,436)
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		1,078,691	(8,314,404)	(1,070,654)	(1,816,436)
Non-controlling interests		(166,370)	(24,000)	-	-
		912,321	(8,338,404)	(1,070,654)	(1,816,436)
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		1,067,111	(8,314,404)	(1,070,654)	(1,816,436)
Non-controlling interests		(167,657)	(24,000)	-	-
		899,454	(8,338,404)	(1,070,654)	(1,816,436)
EARNING/(LOSS) PER SHARE (SEN)					
- Basic	31	0.09	(1.28)		
- Diluted	31	N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		← Non-Distributable			→ Distributable			
	Note	Share Capital RM	Share Premium RM	Warrants Reserve RM	Foreign Currency Translation Reserve RM	(Accumulated Losses)/ Retained Profits RM	Attributable to owners of the Company RM	Non-controlling interest RM	Total RM
Group									
At 1 July 2015		62,555,303	2,598,963	-	-	(46,574,552)	18,579,714	(60,144)	18,519,570
Total comprehensive loss for the financial year		-	-	-	-	(8,314,404)	(8,314,404)	(24,000)	(8,338,404)
Transactions with owners									
- Allocation of warrant reserve	19	-	-	15,263,494	-	(15,263,494)	-	-	-
- Par value reduction	18	(31,277,652)	-	-	-	31,277,652	-	-	-
- Right shares issued	18	31,277,652	-	-	-	-	31,277,652	-	31,277,652
- Share issuance expenses	19	-	(777,130)	-	-	-	(777,130)	-	(777,130)
Total transactions with owners of the Company		-	(777,130)	15,263,494	-	16,014,158	30,500,522	-	30,500,522
At 30 June 2016/1 July 2016		62,555,303	1,821,833	15,263,494	-	(38,874,798)	40,765,832	(84,144)	40,681,688
Total comprehensive income for the financial year		-	-	-	(11,580)	1,078,691	1,067,111	(167,657)	899,454
Transactions with owners									
- Par value reduction	18	(37,533,182)	-	-	-	37,533,182	-	-	-
- Effect from adoption of Companies Act, 2016*	18	1,821,833	(1,821,833)	-	-	-	-	-	-
- Change of stake in subsidiary	7	-	-	-	-	1,810,630	1,810,630	123,857	1,934,487
Total transactions with owners of the Company		(35,711,349)	(1,821,833)	-	-	39,343,812	1,810,630	123,857	1,934,487
At 30 June 2017		26,843,954	-	15,263,494	(11,580)	1,547,705	43,643,573	(127,944)	43,515,629

Statements of Changes in Equity
For the Financial Year Ended 30 June 2017

	Note	Share Capital RM	Share Premium RM	Warrants Reserve RM	Accumulated Losses RM	Total RM
		← Non-Distributable		→		
Company						
At 1 July 2015		62,555,303	2,598,963	-	(51,543,588)	13,610,678
Total comprehensive loss for the financial year		-	-	-	(1,816,436)	(1,816,436)
Transactions with owners						
- Allocation of warrant reserve	19	-	-	15,263,494	(15,263,494)	-
- Par value reduction	18	(31,277,652)	-	-	31,277,652	-
- Right shares issued	18	31,277,652	-	-	-	31,277,652
- Share issuance expenses	19	-	(777,130)	-	-	(777,130)
Total transactions with owners of the Company		-	(777,130)	15,263,494	16,014,158	30,500,522
At 30 June 2016/1 July 2016		62,555,303	1,821,833	15,263,494	(37,345,866)	42,294,764
Total comprehensive loss for the financial year		-	-	-	(1,070,654)	(1,070,654)
Transactions with owners						
- Par value reduction	18	(37,533,182)	-	-	37,533,182	-
- Effect from adoption of Companies Act, 2016*	19	1,821,833	(1,821,833)	-	-	-
Total transactions with owners of the Company		(35,711,349)	(1,821,833)	-	37,533,182	-
At 30 June 2017		26,843,954	-	15,263,494	(883,338)	41,224,110

* Pursuant to Section 618(2) of Companies Act, 2016, any oustanding share premium and capital redemption reserve account shall become part of share capital.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		1,477,985	(6,707,599)	(1,070,654)	(1,807,019)
Adjustments for:					
Allowance for doubtful debts					
- subsidiaries		-	-	-	181,219
- trade receivables	11	38,335	-	-	-
- other receivables	12	-	49,363	-	-
Allowance for impairment loss of:					
- goodwill	8	-	10,087,481	-	-
Amortisation of deferred income	23	(153,078)	(41,763)	-	-
Amortisation of intangible asset	6	1,125,733	91,867	-	-
Bad debt written off	29	-	33,431	-	-
Depreciation of property, plant and equipment	5	217,291	173,061	1,779	-
Short-term investment interest income		(46,488)	-	(46,488)	-
Fixed deposits interest income		(220,886)	(13,724)	(217,005)	(7,005)
Loss on disposal of plant and equipment	29	-	1,831	-	-
Interest expense		164,863	195,797	-	-
Interest income		(14,183)	-	(13,950)	-
Provision for warranties	24	-	1,169,506	-	-
Plant and equipment written off	5	571	3,173	-	-
Unrealised loss on foreign exchange		14,706	79,928	-	-
Written off of inventories		143,288	35,013	-	-
Operating profit/(loss) before working capital changes		2,748,137	5,157,365	(1,346,318)	(1,632,805)
Changes in working capital:					
Inventories		(397,385)	118,567	-	-
Trade receivables		(1,671,179)	(6,355,883)	-	-
Other receivables, deposits and prepayments		(3,225,973)	695,608	(150,720)	845,906
Amount owing by contract customers		(13,690,391)	-	-	-
Trade payables		-	(680,020)	-	-
Other payables and accruals		(81,783)	(297,445)	(132,416)	(196,805)
Amount owing to a Director		-	(2,823)	-	-
Advance receipts for deferred income	23	245,613	45,525	-	-
Amount owing by subsidiaries		-	-	(7,959,792)	(14,505,228)
Cash used in operation		(16,072,961)	(1,319,106)	(9,589,246)	(15,488,932)
Interest paid		(164,863)	(195,797)	-	-
Tax paid		(6,036)	(16,545)	-	(9,417)
Warranty paid		(1,169,506)	-	-	-
Net cash used in operating activities		(17,413,366)	(1,531,448)	(9,589,246)	(15,498,349)

Statements of Cash Flows
For the Financial Year Ended 30 June 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired		-	-	-	(1)
Increase in a subscription of shares in a subsidiary		-	-	(49,907)	-
Acquisition of intangible asset	6	(234,816)	(3,307,200)	-	-
Interest income received from short-term investment		46,488	-	46,488	-
Interest income from fixed deposits		220,886	13,724	217,005	7,005
Interest income received		14,183	-	13,950	-
Proceeds from disposal of plant and equipment		-	29,491	-	-
Purchase of plant and equipment	5	(93,352)	(303,382)	(11,858)	-
Net cash generated from/(used in) investing activities		(46,611)	(3,567,367)	215,678	7,004
CASH FLOWS FROM FINANCING ACTIVITIES					
Non-controlling interests investment in a subsidiary		1,934,487	-	-	-
Placement of short-term investment		(2,701,910)	-	(2,701,910)	-
Placement of deposits with licensed banks		(4,008,797)	-	(3,579,797)	-
Proceeds from issuance of rights with warrants		-	30,500,522	-	30,500,522
Net movement on term loans		(287,741)	(256,817)	-	-
Net cash (used in)/generated from financing activities		(5,063,961)	30,243,705	(6,281,707)	30,500,522
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(22,523,938)	25,144,890	(15,655,275)	15,009,177
EFFECT ON FOREIGN CURRENCY TRANSLATION		(12,867)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		27,623,751	2,478,861	16,098,467	1,089,290
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		5,086,946	27,623,751	443,192	16,098,467
CASH AND CASH EQUIVALENTS COMPRISE:					
Short-term investment	15	2,701,910	-	2,701,910	-
Deposits placed with licensed banks	16	4,008,797	-	3,579,797	-
Cash and bank balances	17	5,086,946	27,623,751	443,192	16,098,467
		11,797,653	27,623,751	6,724,899	16,098,467
Less: Short-term investment		(2,701,910)	-	(2,701,910)	-
Less: Deposits placed with licensed banks		(4,008,797)	-	(3,579,797)	-
		5,086,946	27,623,751	443,192	16,098,467

The accompaning notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in the investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

The principal place of business and the registered office are as follows:

Principal place of business	:	1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.
Registered office	:	802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 20 October 2017.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the summary of significant accounting policies.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.1 Adoption of MFRS and Amendments to MFRSs during the Current Financial Year

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following MFRS and Amendments to MFRSs:

MFRS (Including the Consequential Amendments)		Effective Date
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016

The adoption of MFRS and Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and the Company and has no significant effect on the financial performance or position of the Group and the Company for the current financial year.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

2. BASIS OF PREPARATION (CONTINUED)

2.2 Standard issued but not yet effective

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 15	Clarification of MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Except as otherwise indicated below, the adoption of the above new standard and amendments are not expected to have significant impact on the financial statements of the Group and of the Company:

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment are still being assessed, but the requirements for hedge accounting is not relevant to the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace supersede MFRS 111 Construction contracts, MFRS 118 Revenue, IC 13 Customer Loyalty Programmes, IC 15 Agreements for the Construction of Real Estate, IC 18 Transfers of Assets from Customers and IC 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Group and the Company is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Standards issued but not yet effective (Continued)

MFRS 16 Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the former but not the latter. As a result, many users have resorted to adjust the lessees' financial statements for the effects of operating leases commitments to enable comparison with entities that borrow to buy assets.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

The Group and the Company is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Subsidiaries and Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has the factor power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is held for sale. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii. Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interest issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Subsidiaries and Basis of Consolidation (Continued)

iii. Acquisition of Non-controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv. Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v. Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

vi. Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

c. Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Property, Plant and Equipment, and Depreciation (Continued)

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

The property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

Leasehold building	97 years
EFTPOS Terminals	8 years
Furniture and fittings	10% - 20%
Computer	33%
Office equipment	10% - 33%
Renovation	10% - 33%

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual values and useful lives of assets are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

d. Intangible asset

Acquired software is initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extends the performance of software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the software are recognised as an expense when incurred.

Software, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

At each reporting date, the Company assess whether there are any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is make if the carrying amount exceeds the recoverable amount.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as profit or loss when the asset is derecognised.

e. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on the first in, first out basis and is the aggregate of the original cost of purchases plus the cost of bringing the inventories to their present conditions and locations.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group or the Company categorise the financial instruments as follows:

i. Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statements of comprehensive income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on settlement date.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group and the Company have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Financial instruments (Continued)

i. Financial assets (Continued)

Available-for-sale financial assets
Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

ii. Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

i. the recognition of an asset to be received and the liability to pay for it on the trade date; and

ii. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks, other short-term and highly liquid investment which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

h. Impairment of assets

i. Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of held-to-maturity and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

ii. Impairment of non-financial assets

The carrying amounts of non-financial assets, except for inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing-value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

An impairment loss in respect of assets recognised in prior periods is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Share Capital

Ordinary shares are classified as equity instruments.

When ordinary shares are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

j. Warrants reserve

The proceeds from the Right Issue with Warrants is allocated to both Rights Share and Warrants using a reasonable and appropriate method of allocation.

The Warrants issued are recognised in the statements of financial position as “Warrant Reserve” at fair value as at the date of issuance and credited to “Warrant Reserve” account which is non-distributable. The “Warrant Reserve” will be transferred to “Share Capital” account upon the exercise of Warrants. The “Warrant Reserve” in relation to the unexercised Warrants will be transferred to “Retained Earnings” account upon expiry of the exercise period of the Warrants.

k. Leased assets

i. Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which is in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

ii. Operating lease

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating lease and not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sales of goods and services rendered

Revenue from sale of goods and services rendered is recognised in the financial statements when the significant risks and rewards of ownerships of the goods have been transferred to the buyer or when services rendered.

ii. Service contracts

Revenue from service contract is recognised based on the stage of completion method as described in Note 3 (m) to the financial statements.

iii. Operating lease income

Operating lease income from terminal rental is recognised on a straight-line basis over the specific tenure of the respective leases.

iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement unless the collectability of the rental is in doubt and suspended.

v. Interest income

Interest income is recognised as it accrues using the effective interest method.

m. Services contracts

Service contracts cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract costs includes direct labour, expenses and an appropriate proportion of contract overheads.

Revenue from work done on service contract is recognised based on the stage of completion method. The stage of completion is determined based on proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, the contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Employee benefits

i. Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

As required by the law, the Group and the Company make contributions to statutory pension funds, the Employee Provident Fund ("EPF"). Such contribution is recognised as an expense in the statements of comprehensive income as incurred.

o. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous financial periods.

ii. Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

iii. Goods and Service Tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

p. Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Foreign currencies

i. Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

ii. Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period, except for those business combinations that occurred before the date of transition to MFRS which are treated as assets and liabilities of the Company and are not retranslated.

In the consolidated financial statements, when settlement of an intra group loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

r. Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised but disclosed (unless the probability of outflow of economic benefits is remote) in the financial statements of the Group and of the Company.

s. Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on a weighting of all possible outcomes against their associated probabilities.

t. Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

v. Related parties

A party is related to an entity if:

i. directly, or indirectly through one or more intermediaries, the party:
   - control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - has an interest in the entity that gives it significant influence over the entity; or
   - has joint control over the entity;
ii. the party is an associated of the entity;
iii. the party is a joint venture in which the entity is a venturer;
iv. the party is a member of the key management personnel of the entity or its parent;
v. the party is a close member of the family of any individual referred to in (i) or (iv);
vi. the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
vii. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated by the Directors and the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

Service contracts

The Group recognises service contracts' revenue and costs in profit or loss by using the stage of completion method. The stage of completion is determined by proportion of contract costs incurred for work performed to date to the estimated total contract costs. Significant judgement is required in determining the stage of completion, the extent of the estimated total revenue and costs, as well as recoverability of the service contracts. In making the judgement, The Group evaluates based on Directors' judgements and external economic factors.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Building RM	EFTPOS Terminals RM	Office Equipment RM	Furniture and Fittings RM	Renovation RM	Total RM
Group						
At cost						
At 1 July 2016	5,453,030	242,490	425,631	131,741	491,130	6,744,022
Additions	-	1,222	58,955	979	32,196	93,352
Transferred from inventories (Note 10)	-	327,390	-	-	-	327,390
Written off	-	(761)	-	-	-	(761)
At 30 June 2017	5,453,030	570,341	484,586	132,720	523,326	7,164,003
Accumulated depreciation						
At 1 July 2016	323,247	23,543	188,425	94,404	260,030	889,649
Charge for the financial year	56,217	42,413	63,212	10,463	44,986	217,291
Written off	-	(190)	-	-	-	(190)
At 30 June 2017	379,464	65,766	251,637	104,867	305,016	1,106,750
Carrying amount						
At 30 June 2017	5,073,566	504,575	232,949	27,853	218,310	6,057,253
At 1 July 2015	5,453,030	180,720	194,203	132,178	468,210	6,428,341
Additions	-	4,269	261,070	9,933	28,110	303,382
Transferred from inventories (Note 10)	-	57,501	-	-	-	57,501
Disposals	-	-	(29,642)	(10,370)	-	(40,012)
Written off	-	-	-	-	(5,190)	(5,190)
At 30 June 2016	5,453,030	242,490	425,631	131,741	491,130	6,744,022
Accumulated depreciation						
At 1 July 2015	267,030	-	159,036	84,954	216,275	727,295
Charge for the financial year	56,217	23,543	35,314	12,215	45,772	173,061
Disposals	-	-	(5,925)	(2,765)	-	(8,690)
Written off	-	-	-	-	(2,017)	(2,017)
At 30 June 2016	323,247	23,543	188,425	94,404	260,030	889,649
Carrying amount						
At 30 June 2016	5,129,783	218,947	237,206	37,337	231,100	5,854,373

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office Equipment RM
Company	
At cost	
At 1 July 2016	-
Additions	11,858
At 30 June 2017	11,858
Accumulated depreciation	
At 1 July 2016	-
Charge for the financial year	1,779
At 30 June 2017	1,779
Carrying amount	
At 30 June 2017	10,079

The carrying amount of property, plant and equipment pledged to licensed banks to secure the banking facilities granted to the Group are as follows:

	Group	
	2017 RM	2016 RM
Leasehold building	5,073,566	5,129,783

6. INTANGIBLE ASSET

	At 1 July 2016 RM	Addition RM	At 30 June 2017 RM
Group			
Cost			
Software	3,307,200	234,816	3,542,016

	At 1 July 2016 RM	Charge during the year RM	At 30 June 2017 RM
Accumulated amortisation			
Software	91,867	1,125,733	1,217,600

	2017 RM
Carrying Amount	
Software	2,324,416

	At 1 July 2015 RM	Addition RM	At 30 June 2016 RM
Group			
Cost			
Software	-	3,307,200	3,307,200

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

6. INTANGIBLE ASSET (CONTINUED)

	At 1 July 2015 RM	Charge during the year RM	At 30 June 2016 RM
Accumulated amortisation			
Software	-	91,867	91,867

	2016 RM
Carrying Amount	
Software	3,215,333

Included in the addition in intangible asset of the Group is an amount of RM129,816 relating to a system under developing as at end of the financial year.

7. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	2016 RM
Unquoted shares, at cost	38,899,908	38,850,001
Less: Accumulated impairment losses	(30,738,692)	(30,738,692)
	8,161,216	8,111,309

a. The details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest 2017 %	2016 %	Principal Activities
Direct subsidiaries			
Ariantec Sdn. Bhd.	100	100	Provision of turnkey solutions on the network infrastructure, security management and rental of EFTPOS terminals
Payallz Sdn. Bhd.	60	60	Provision of Master Merchant and sub-contractors services
First United Technology Limited [1]	90	100	Dormant
Subsidiaries of Ariantec Sdn. Bhd.			
GEM Live Sdn. Bhd. (formerly known as EarnMe Asia Sdn. Bhd.)	100	100	Temporarily inactive
NetX Digital Limited [2]	100	100	Dormant

[1] Not audited by Ecovis AHL PLT.

[2] The audited financial statements are not available and the management's financial statements were used in the preparation of the consolidated financial statements.

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group as at 30 June 2017.

b. Acquisition of subsidiaries

On 18 November 2015, the Company's wholly-owned subsidiary, Ariantec Sdn. Bhd., has incorporated a wholly-owned subsidiary, NetX Digital Limited, with issued and paid-up capital of RM43,962.

On 5 May 2016, the Company had incorporated a wholly-owned subsidiary, First United Technology Limited, with issued and paid-up capital of RM1.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

c. Decrease in stake

On 16 May 2017, a 100% owned subsidiary, First United Technology Limited increased its issued and paid-up capital by way of allotment of 89,999 ordinary shares at RM0.55 (HKD 1) per share to the Company and 10,000 ordinary shares at RM193 (HKD 349) per share to Messaging Technologies (H.K.) Limited. With the issuance of the 99,999 ordinary shares, the Group's and the Company's equity shareholding has been reduced from 100% to 90%.

The effects on the equity attributable to the Group of the changes in ownership interest in First United Technology Limited is as follows:

	Immediately before the new issue RM	Immediately after the new issue RM	Changes in net assets RM
Share capital	49,907	1,984,394	1,934,487
Accumulated losses	(745,825)	(745,825)	-
Net liabilities	(695,918)	1,238,569	1,934,487
Non-controlling interests share of net liabilities (10%)			123,857
Non-controlling contribution			(1,934,487)
Dilution on non-controlling interest's share			(1,810,630)
Cash inflow arising on shares allotment			1,934,487

8. GOODWILL ON CONSOLIDATION

	Group 2017 RM	Group 2016 RM
Cost		
At beginning of the financial year/end of the financial year	27,477,811	27,477,811
Accumulated impairment losses		
At beginning of the financial year	(26,784,937)	(16,697,456)
Impairment loss recognised during the financial year	-	(10,087,481)
At end of the financial year	(26,784,937)	(26,784,937)
Carrying amount at end of the financial year	692,874	692,874

The goodwill on consolidation at the end of the financial year mainly arose from the acquisition of Ariantec Sdn. Bhd. ("ASB") and Payallz Sdn. Bhd. ("PSB"). The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

The carrying amount of the goodwill is assessed for impairment on an annual basis. The recoverable amount of the goodwill is determined based on the assessment of the value in using discounted cash flow forecast and projections based on financial budgets approved by the management.

In the previous financial year, goodwill arose from the acquisition of ASB had been fully impaired.

For the purpose of impairment testing, carrying amount of the goodwill has been allocated to the Group's cash-generating units ("CGU"), identified according to the business segments as follow:

	Group 2017 RM	Group 2016 RM
Electronic payment services ("EPS")	692,874	692,874

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

8. GOODWILL ON CONSOLIDATION (CONTINUED)

EPS

a. Key assumption used in value-in-use calculations are as follow:

		Group	
		2017 RM	**2016 RM**
i.	Period covered	5 years	5 years
ii.	Growth rate	23% to 105%	619% for year 2017, 11% for year 2018 and thereafter 30%
iii.	Gross profit margin	-3% to 62%	57% to 63%
iv.	Pre-tax discount rate	13%	12%

b. Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of the CGU to materially differ from its recoverable amounts.

9. DEFERRED TAX ASSETS

	Group	
	2017 RM	**2016 RM**
At beginning of financial year	677,000	2,296,391
Recognised in profit or loss (Note 30)	(560,000)	(1,619,391)
At end of financial year	117,000	677,000

Presented after appropriate offsetting as follows:

	2017 RM	**2016 RM**
Deferred tax assets	178,000	1,520,000
Deferred tax liabilities	(61,000)	(843,000)
	117,000	677,000

Deferred tax assets

	Provision of warranty RM	**Unabsorbed capital allowances RM**	**Unutilised tax losses RM**	**Total RM**
Group				
At 1 July 2016	280,681	54,000	1,185,319	1,520,000
Recognised in profit or loss	(280,681)	(1,000)	(1,060,319)	(1,342,000)
At 30 June 2017	-	53,000	125,000	178,000
At 1 July 2015	-	48,065	2,269,274	2,317,339
Recognised in profit or loss	280,681	5,935	(1,083,955)	(797,339)
At 30 June 2016	280,681	54,000	1,185,319	1,520,000

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

9. DEFERRED TAX ASSETS (CONTINUED)

Deferred tax liabilities

	Intangible asset RM	Property, plant and equipment RM	Total RM
Group			
At 1 July 2016	(772,000)	(71,000)	(843,000)
Recognised in profit or loss	772,000	10,000	782,000
At 30 June 2017	-	(61,000)	(61,000)
At 1 July 2015	-	(20,948)	(20,948)
Recognised in profit or loss	(772,000)	(50,052)	(822,052)
At 30 June 2016	(772,000)	(71,000)	(843,000)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised tax losses	6,322,268	10,769,646	5,538,284	6,397,100
Deferred tax assets at 24% (2016: 24%)	1,517,344	2,584,715	1,329,188	1,535,304

The unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unutilised tax losses are subject to the agreement of the tax authorities.

10. INVENTORIES

	Group	
	2017 RM	2016 RM
At cost		
EFTPOS terminals	82,655	406,786
Computer parts	250,000	-
Unutilised SMS	838	-
	333,493	406,786

During the financial year, inventories of the Group amounting RM327,390 (2016: RM57,501) have been capitalised as property, plant and equipment as disclosed in Note 5 to the financial statements as the inventories are no longer held for sale.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

11. TRADE RECEIVABLES

	Group	
	2017 RM	2016 RM
Trade receivables	8,793,595	7,137,122
Less: Allowance for impairment losses	(38,335)	-
	8,755,260	7,137,122

Trade receivables of the Group are non-interest bearing and are generally on cash on delivery or 30 to 90 (2016: 30 to 60) days terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis on trade receivables

The ageing analysis of the Group's trade receivables are as below:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	1,461,637	4,019,924
1 to 30 days past due but not impaired	2,019	-
31 to 60 days past due but not impaired	2,151,110	5,760
61 to 90 days past due but not impaired	5,249	28,348
More than 90 days past due but not impaired	5,135,245	3,083,090
Past due but not impaired	7,293,623	3,117,198
Impaired	(38,335)	-
	8,755,260	7,137,122

<u>Trade receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been negotiated during the financial year.

<u>Trade receivables that are past due but not impaired</u>

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the Group will not able to collect the amounts due.

The Directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these receivables.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

11. TRADE RECEIVABLES (CONTINUED)

Allowance for doubtful debts:

The movement of the allowances accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At beginning of financial year	-	-
Addition during the financial year (Note 29)	38,335	-
At end of financial year	38,335	-

Included in the trade receivables, there is RM3,617,220 (2016: RM 2,877,372) in which its currency exposure profile is United State Dollar.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other receivables	169,728	104,890	-	-
Less: Allowance for doubtful debts	(49,363)	(49,363)	-	-
	120,365	55,527	-	-
Deposits	2,930,317	89,615	-	650
Prepayments	364,049	43,616	186,639	35,269
	3,414,731	188,758	186,639	35,919

a. Included in deposits of the Group is an amount of RM960,000 relating to purchase of a motor vehicle. The motor vehicle is still in the progress of registration as at end of the financial year.

b. Included in deposits of the Group is an amount of RM1,948,254 paid to a party in relation to an aborted contract. The said deposit has been refunded subsequent to the financial year end.

   Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments and the Directors are of the opinion that is not recoverable.

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At beginning of financial year	49,363	-
Addition during the financial year	-	49,363
At end of financial year	49,363	49,363

Included in other receivables, deposits and prepayments, there are RM48,592 and RM2,169,608 (2016: RM Nil and RM 81,689) in which its currency exposure profile are United States Dollar and Hong Kong Dollar respectively.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

13. AMOUNT OWING BY CONTRACT CUSTOMERS

	Group	
	2017	**2016**
	RM	**RM**
Aggregate costs incurred to date	10,155,263	-
Attributable profits	3,535,128	-
	13,690,391	-
Less: Progress billings	-	-
Amount owing by contract customers	13,690,391	-
Service contracts revenue recognised during the year	13,690,391	-
Service contracts cost recognised during the year	10,155,263	-

14. AMOUNT OWING BY SUBSIDIARIES

	Company	
	2017	**2016**
	RM	**RM**
Amount owing by subsidiaries	26,396,747	18,436,955
Less: Allowance for impairment losses	(181,219)	(181,219)
At end of financial year	26,215,528	18,255,736

Allowance for impairment losses:

The movement of the allowances accounts used to record the impairment are as follows:

	Company	
	2017	**2016**
	RM	**RM**
At beginning of financial year	181,219	-
Addition during the financial year	-	181,219
At end of financial year	181,219	181,219

The amount owing by subsidiaries represented non-trade transactions which are unsecured, non-interest bearing and repayable on demand.

15. SHORT-TERM INVESTMENT

Short-term investments represent investment in highly liquid money market, which are readily convertible to known amount of cash. The effective interest rate is 1.97% per annum for the Group and the Company.

16. DEPOSIT PLACED WITH LICENSED BANK

The deposits with licensed banks of the Group and the Company at the end of the reporting period bear effective interest rate is 3.7% per annum. The fixed deposits have maturity periods of six months for the Group and the Company.

Included in deposit placed with licensed bank, there is RM429,000 (2016: RM Nil) in which its currency exposure profile is United State Dollar.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

17. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Cash	4,376	3,284	376	411
Bank balances	5,082,570	27,620,467	442,816	16,098,056
	5,086,946	27,623,751	443,192	16,098,467

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Ringgit Malaysia	2,226,902	27,209,487	443,192	16,098,467
Hong Kong Dollar	730,239	-	-	-
United States Dollar	2,129,805	414,264	-	-
	5,086,946	27,623,751	443,192	16,098,467

18. SHARE CAPITAL

	Group/Company			
	2017		**2016**	
	Number of shares unit	**Amount RM**	**Number of shares unit**	**Amount RM**
Issued and fully paid				
Ordinary shares				
At beginning of the financial year	1,251,106,066	62,555,303	625,553,033	62,555,303
Par value reduction	-	(37,533,182)	-	(31,277,652)
Ordinary shares	1,251,106,066	25,022,121	625,553,033	31,277,651
Issue of rights shares	-	-	625,553,033	31,277,652
Transfer pursuant to S618(2) of the Companies Act, 2016	-	1,821,833	-	-
At end of the financial year	1,251,106,066	26,843,954	1,251,106,066	62,555,303

During the current financial year, the Company completed the par value reduction from RM0.05 to RM0.02 per share. Pursuant to the par value reduction, the issued share capital of the Company had reduced from RM62,555,303 comprising 1,251,106,066 ordinary shares of RM0.05 to RM25,022,121 comprising 1,251,106,066 ordinary shares of RM0.02 each.

The new Companies Act, 2016 which came into operation on 31 January 2017, introduces the “no par value” regime. Accordingly, the concepts of “authorized share capital” and “par value” have been abolished.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

19. RESERVES

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable					
Share premium	a	-	1,821,833	-	1,821,833
Warrants reserve	b	15,263,494	15,263,494	15,263,494	15,263,494
Foreign currency translation reserve	c	(11,580)	-	-	-
		15,251,914	17,085,327	15,263,494	17,085,327
Distributable					
Retained profits / (Accumulated losses)	d	1,547,705	(38,874,798)	(883,338)	(37,345,866)
		16,799,619	(21,789,471)	(14,380,156)	(20,260,539)

Non-distributable reserves are not distributable by way of dividends.

Movements of the reserves are shown in the statements of changes in equity.

a. Share premium

	Group/Company	
	2017 RM	2016 RM
At beginning of the financial year	1,821,833	2,598,963
Share issuance expenses	-	(777,130)
Transfer pursuant to S618(2) of the Companies Act, 2016	(1,821,833)	-
At end of the financial year	-	1,821,833

In accordance with the transitional provisions of the Companies Act 2016 ("Act"), the amount standing to the credit of the Group's and the Company's share premium account has become part of the Group's and the Company's share capital. These changes do not have any impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Group and the Company has a period of 24 months from the effective date of the Act to use the existing credit balance of the share premium account in a manner specified by the Act.

b. Warrants Reserve

The Warrants which are issued with the Rights Shares are immediately detached upon issuance and are separately traded.

The Warrants are constituted by the Deed Poll dated 4 May 2016 ("Deed Poll").

Salient features of the Warrants are as follows:

a. Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share in the Company at the exercise price of RM 0.05 during the 3-year period expiring on 8 June 2019 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

b. At the expiry of the Exercise Period, any Warrants have not been exercised shall automatically lapse and cease to be valid for any purpose;

c. The Warrant holders are not entitled to any voting rights or participation in any distribution and/or offer of securities in the Company, until and unless such holders exercise their rights into new ordinary shares; and

d. The new ordinary shares to be issued upon exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the then existing shares of the Company except that they will not be entitled to an dividends, rights allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the Warrants.

Fair value from the issuance of Warrants are credited to Warrants Reserve which is non-distributable. In arriving at the related fair value, the fair values of the Rights Shares and Warrants were determined using the Black-Scholes pricing model.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

19. RESERVES (CONTINUED)

b. Warrants Reserve (Continued)

When the Warrants are exercised or expired, the Warrants Reserve will be reversed, to the extent that such exercise of Warrants is of significant quantity.

The outstanding Warrants during the financial year ended 30 June 2017 are stated as below:

	Group/Company				
	At 1.7.2016 RM	Allotted RM	Exercised RM	Expired RM	At 30.6.2017 RM
Warrants	15,263,494	-	-	-	15,263,494

c. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in the functional currency of the foreign operation.

d. Retained profits

Under the single-tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

e. Share Issuance Scheme ("SIS")

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of a SIS up to thirty percent (30%) of the issued and paid-up share capital of the Company at any point in time throughout the duration of the scheme to eligible employees of the Company and its subsidiaries (excluding dormant subsidiaries) under a contract of service or for service. The directors of the Company do not qualify for participation in the SIS.

In accordance with Rule 6.44(1) of the Listing Requirements, the SIS became effective for a period of five (5) years from 24 November 2016, being the date of full compliance of the SIS.

The salient features and other terms of the SIS are as follows:

a. Eligible employees must be at least eighteen years of age, full time employment basis and have been confirmed on that date of offer;
b. The exercise price shall be discounted by not more than 10% from the weighted average of the market price of the Shares as shown in the daily official list issued by Bursa Securities for the five trading days immediately preceding the date of offer in writing to the grantee;
c. The new shares to be allotted and issued upon any exercise of the options shall rank pari passu in respect with the existing shares of the Company except that the new shares will not be entitled to any dividends, rights, allotments and other distributions in which entitlement date precedes the date of allotment of the said shares;
d. The option granted are not entitled to any voting rights or participation in any dividends, allotments and/or other distribution on the unexercised SIS options; and
e. The option granted may be exercised at any time within a period of five years from the effective date provided. The Board of Directors shall have the discretion to extend the tenure of the SIS for another five years immediately or such shorter period as it deems fit from the expiry of the first five years.

As at 30 June 2017, there was no SIS allocation yet.

Subsequently on 3 August 2017, 162,500,000 share options under the SIS at the option price of RM0.04 were granted and accepted by eligible employees.

Notes to the Financial Statements
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20. BORROWINGS

	Group	
	2017	**2016**
	RM	**RM**
Repayable within 12 months		
Term loan - secured	307,123	273,684
Repayable after 12 months		
Term loan - secured	2,556,652	2,877,832
Total borrowings	2,863,775	3,151,516

The interest rate of the term loan at the reporting date is 5.91% (2016: 5.91%) per annum.

The term loan of Group is secured by the following:

a. Joint and several guarantee by third parties;
b. Legal charge over 4 storey shop office measuring approximately 10,660 square feet bearing at Lot 1, Sunsuria Avenue, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

Term loan is repayable in 175 monthly installments of RM37,717.

21. TRADE PAYABLES

Trade payables of the Group are non-interest bearing and are generally on 60 to 150 (2016: 60 to 150) days terms.

Included in the trade payables, there is RM224,174 (2016: RM 224,174) in which its currency exposure profile is United State Dollar.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other payables	99,942	194,638	8,851	145,148
Accruals	111,292	103,179	65,400	61,519
Deposits received	39,300	34,500	-	-
	250,534	332,317	74,251	206,667

Included in the accruals, there is RM11,003 (2016: Nil) in which its currency exposure profile is Hong Kong Dollar.

23. DEFERRED INCOME

	Group	
	2017	**2016**
	RM	**RM**
Current portion	138,060	45,525

Deferred income represents advance receipts from maintenance arrangement. These arrangements ranged from 10 to 24 months (2016: 1 to 12 months) for the Group. Deferred income is recognised in profit and loss upon the commencement of the arrangement and is amortised on a straight line basis over the arrangement period.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

23. DEFERRED INCOME (CONTINUED)

The movements of deferred income during the financial year are as below:

	Group	
	2017 RM	2016 RM
At beginning of the financial year	45,525	41,763
Amortisation during the financial year	(153,078)	(41,763)
Advance receipts during the financial year	245,613	45,525
At end of financial year	138,060	45,525

24. PROVISION FOR WARRANTIES

	Group	
	2017 RM	2016 RM
At beginning of financial year	1,169,506	-
Provision made during the financial year	-	1,169,506
Utilisation of provision during the financial year	(1,169,506)	-
At end of financial year	-	1,169,506

Costs of warranty include the cost of labor, material and related overhead necessary to repair a product during the warranty period of 12 months.

The provision for warranties relates to provision for replacements or corrections of hardware components cost for the hardware system sold. It covers 12 months warranty period from the date of delivery.

25. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has entered into lease arrangements on leasehold building.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follow:

	Group	
	2017 RM	2016 RM
Leasehold building		
Not later than one year	133,683	156,000
Later than one year and not later than five years	67,924	81,900
	201,607	237,900
EFTPOS Terminals		
Not later than one year	167,682	164,480
Later than one year and not later than five years	202,467	112,318
	370,149	276,798

The Group as lessee

The Group has entered into lease arrangements on rental of property.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2017

25. OPERATING LEASE COMMITMENTS (CONTINUED)

The Group has aggregate future minimum lease payable as at the end of each reporting period as follow:

	Group	
	2017	**2016**
	RM	**RM**
EFTPOS Terminals		
Not later than one year	12,000	-
Later than one year and not later than five years	-	-
	12,000	-

26. CORPORATE GUARANTEE

	Company
	2017
	RM
Corporate guarantee given to a licensed bank	2,964,000

The corporate guarantee is financial guarantee given to a bank for credit facilities granted to a wholly owned subsidiary, Ariantec Sdn. Bhd.. The fair value on initial recognition of corporate guarantee was not material as the possibility of default by the said company is negligible.

27. CAPITAL COMMITMENT

Capital commitments relate to the Group's and the Company's commitments for capital expenditures for the addition in intangible assets and for the shares subscription in a company.

	Group	Company
	2017	**2017**
	RM	**RM**
Approved and contracted for:		
- addition in intangible assets	2,964,044	-
- share subscription in a company#	1,899,600	1,899,600
	4,863,644	1,896,000

The Company has on 25 May 2017 entered into a Share Subscription Agreement with a company based in China, Flavours of Malaysia ("FoM") for the subscription of FoM's shares equivalent to 51% of the issued and paid-up capital, for a cash consideration sum of RMB3,000,000.

28. REVENUE

	Group	
	2017	**2016**
	RM	**RM**
Rental of EFTPOS equipment	369,019	159,269
Sales of goods and services rendered	18,932,652	9,619,888
	19,301,671	9,779,157

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

29. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax is arrived at after charging:				
Allowance for doubtful debts				
- subsidiaries	-	-	-	181,219
- trade receivables	38,335	-	-	-
- other receivables	-	49,363	-	-
Amortisation of intangible asset	1,125,733	91,867	-	-
Auditors' remuneration				
- current year provision	76,795	57,750	46,000	35,000
- under provision in prior year	7,550	4,100	2,000	4,000
Bad debts written off	-	33,431	-	-
Depreciation of property, plant and equipment	217,291	173,061	1,779	-
Impairment loss of:				
- goodwill	-	10,087,481	-	-
Interest expense	164,863	195,797	-	-
Loss on disposal of plant and equipment	-	1,831	-	-
Plant and equipment written off	571	3,173	-	-
Provision of warranties	-	1,169,506	-	-
Realised loss on foreign exchange	-	114,332	-	-
Rental of equipment	5,600	5,075	500	400
Rental of premises	517,200	79,725	500	400
Staff and labour costs	1,460,005	990,262	836,285	669,497
Unrealised loss on foreign exchange	14,706	79,928	-	-
Written off of inventories	143,288	35,013	-	-
and after crediting:				
Amortisation of deferred income	153,078	41,763	-	-
Fixed deposits interest income	220,886	13,724	217,005	7,005
Interest income	14,183	-	13,950	-
Realised gain on foreign exchange	58,521	-	-	-
Rental income	174,868	118,000	-	-
Short-term investment interest income	46,488	-	46,488	-
Staff and labour costs comprise:				
Directors' remuneration	238,000	170,500	238,000	170,500
Salaries, wages, allowance, overtime and bonus	1,107,231	724,280	531,260	442,446
EPF	107,205	89,959	63,877	53,916
SOCSO	7,569	5,523	3,148	2,635
	1,460,005	990,262	836,285	669,497

At the end of the financial year, the Group and the Company have 15 employees (2016: 14) and 8 (2016: 8) employees respectively.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

30. TAX EXPENSES

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Income Tax				
- current tax expense	6,036	1,969	-	-
- underprovision in prior financial year	(372)	9,445	-	9,417
	5,664	11,414	-	9,417
Deferred tax assets (Note 9)				
- current financial year	560,000	1,619,391	-	-
Tax expense for the financial year	565,664	1,630,805	-	9,417

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the financial year.

The numerical reconciliation between profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and the Company are as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit/(Loss) before tax	1,477,985	(6,707,599)	(1,070,653)	(1,807,019)
Tax at statutory tax rate of 24% (2016: 24%)	354,716	(1,609,824)	(256,957)	(433,685)
Tax effects in respect of:				
Non-taxable incomes	(33,124)	-	(11,157)	-
Non-allowable expenses	244,444	2,777,580	268,114	247,575
Deferred tax assets not recognised during the financial year	-	453,604	-	186,110
Over provision of income tax in prior year	(372)	-	-	-
Underprovision in prior year	-	9,445	-	9,417
Tax expenses for the financial year	565,664	1,630,805	-	9,417

31. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per ordinary share

The basic earning/(loss) per ordinary share is calculated by dividing the Group's profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017 RM	**2016 RM**
Profit/(Loss) attributable to ordinary shareholders of the Company	1,078,691	(8,314,404)
Issued ordinary shares at beginning of the financial year	1,251,106,066	625,553,033
Effect of ordinary shares issued	-	25,707,654
Weighted average number of ordinary shares	1,251,106,066	651,260,687
Basic earning/(loss) per ordinary share (sen)	0.09	(1.28)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

31. EARNING/(LOSS) PER SHARE (CONTINUED)

Diluted earning/(loss) per ordinary share

The outstanding warrants have been excluded from the computation of fully diluted earning/(loss) per ordinary share as the exercise of warrants to ordinary share would be anti-dilutive.

32. SIGNIFICANT RELATED PARTY DISCLOSURES

a. Related party transactions

Other than disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:

	Group	
	2017	**2016**
	RM	**RM**
Sales from a related party, Payallz International Limited	12,620	-
Salary package to a family member of Director	22,538	-

b. Directors and key management personnel compensation

The Group's and the Company's Director and other key management personnel compensation for the year ended 30 June 2017 and the comparative prior year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Directors' compensation:				
Directors' fees	228,000	156,000	228,000	156,000
Directors' other emoluments	10,000	14,500	10,000	14,500
	238,000	170,500	238,000	170,500

33. SEGMENTAL INFORMATION

a. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of directors as its operating decision maker in order to allocate resources to segments and to access their performance. For management purposes, the Group is organised into business units based on their electronic payment services and non-electronic payment services provided.

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 service : 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

33. SEGMENTAL INFORMATION (CONTINUED)

a. Operating Segments (continued)

Group	Electronic payment services RM	Non-electronic payment services RM	Elimination RM	Total RM
2017				
Revenue				
External revenue	3,751,851	15,549,820	-	19,301,671
Inter-company	135,354	-	(135,354)	-
	3,887,205	15,549,820	(135,354)	19,301,671
Results				
Segment operating result	880,699	188,173	-	1,068,872
Other income				573,976
Finance cost				(164,863)
Profit/(Loss) before taxation				1,477,985
Taxation				(565,664)
Profit/(Loss) after taxation				912,321
Non-controlling interest				166,370
Profit/(Loss) attributable to owners of the Company				1,078,691
CONSOLIDATED STATEMENT OF FINANCIAL POSTION				
Segments assets #	7,233,504	39,838,070	-	47,071,574
Tax assets				117,000
Total assets				47,188,574
Segments liabilities ^	128,516	680,654	-	809,170
Unallocated corporate liabilities				2,863,775
Total liabilities				3,672,945
Group				
2016				
Revenue				
External revenue	159,269	9,619,888	-	9,779,157
Inter-company	85,008	-	(85,008)	-
	244,277	9,619,888	(85,008)	9,779,157
Results				
Segment operating result	(215,288)	3,657,975	-	3,442,687
Impairment loss of goodwill				(10,087,481)
Other income				132,992
Finance cost				(195,797)
Loss before taxation				(6,707,599)
Taxation				(1,630,805)
Loss after taxation				(8,338,404)
Non-controlling interest				24,000
Loss attributable to owners of the Company				(8,314,404)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

33. SEGMENTAL INFORMATION (CONTINUED)

a. Operating Segments (continued)

Group	Electronic payment services RM	Non-electronic payment services RM	Elimination RM	Total RM
2016				
CONSOLIDATED STATEMENT OF FINANCIAL POSTION				
Segments assets #	11,586,503	33,537,625	-	45,124,128
Tax assets				677,000
Total assets				45,801,128
Segments liabilities ^	65,025	1,902,900	-	1,967,925
Unallocated corporate liabilities				3,151,515
Total liabilities				5,119,440

\# Segment assets comprise total current and non-current assets, less deferred tax assets.
^ Segment liabilities comprise total current and non-current liabilities.

b. Geographical information

The Group operated principally in Malaysia and has not ventured into any operations outside Malaysia during the financial year.

Major Customers

Revenue from two (2016: three) major customers, with revenue equal to or more than 10% of the Group's revenue, amounted to RM15,889,271 (2016: RM9,619,888) arising from the information technology services.

c. Other information

Other material non-cash (income)/expense consist of the following items:

	Group 2017 RM	Group 2016 RM
Allowance for doubtful debts:		
- trade receivables	38,335	-
- other receivables	-	49,363
Amortisation of intangible asset	1,125,733	91,867
Bad debts written off	-	33,431
Depreciation of property, plant and equipment	217,291	173,061
Impairment loss of:		
- goodwill	-	10,087,481
Loss on disposal of plant and equipment	-	1,831
Plant and equipment written off	571	3,173
Provision for warranties	-	1,169,506
Unrealised loss on foreign exchange	14,706	79,928
Written off of inventories	143,288	35,013

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

34. FINANCIAL INSTRUMENTS

34.1 Classification of Financial Instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Trade receivables	8,755,260	7,137,122	-	-
Other receivables and deposits (exclude prepayment)	3,050,682	145,142	-	650
Amount owing by subsidiaries	-	-	26,215,528	18,255,736
Short-term investment	2,701,910	-	2,701,910	-
Deposit with licensed bank	4,008,797	-	3,579,797	-
Cash and bank balances	5,086,946	27,623,751	443,192	16,098,467
	23,603,595	34,906,015	32,940,427	34,354,853

	Finance liabilities at amortised cost			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial liabilities				
Trade payables	420,576	420,576	-	-
Other payables and accruals	250,534	332,317	74,251	206,667
Borrowings	2,863,775	3,151,516	-	-
	3,534,885	3,904,409	74,251	206,667

34.2 Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

a. Market risk

i. Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that were denominated in foreign currencies. The currencies gave rise to this risk were primarily United State Dollar ("USD") and Hong Kong Dollar ("HKD"). Foreign currency risk was monitored closely and managed to an acceptable level.

The Group's exposure to foreign currency is as follows:

	USD RM	HKD RM	Total RM
Group			
2017			
Financial Assets			
Trade receivables	3,617,220	-	3,617,220
Other receivables and deposits (exclude prepayment)	48,592	2,024,411	2,073,003
Fixed deposits with licensed banks	429,000	-	429,000
Cash and bank balances	2,129,805	730,239	2,860,044
	6,224,617	2,754,650	8,979,267

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial Risk Management Policies (Continued)

a. Market risk (continued)

i. Foreign Currency Risk (Continued)

The Group's exposure to foreign currency is as follows (continued):

	USD RM	HKD RM	Total RM
2016			
Financial Assets			
Trade receivables	2,877,372	-	2,877,372
Other receivables and deposits (exclude prepayment)	-	77,716	77,716
Cash and bank balances	414,264	-	414,264
	3,291,636	77,716	3,369,352
Group			
2017			
Financial Liabilities			
Trade payables	(224,174)	-	(224,174)
Accruals	-	(11,003)	(11,003)
	(224,174)	(11,003)	(235,177)
2016			
Financial Liability			
Trade payables	(224,174)	-	(224,174)

Foreign currency risk sensitivity analysis

A 10% strengthening of the RM against the foreign currencies at the end of the reporting period would have increased profit before tax by approximately RM874,409 (2016: decreased loss before tax by approximately RM314,518). A 10% weakening in the foreign currencies would have had an equal but opposite effect on the loss before tax. This assumes that all other variables remain constant.

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arise mainly from its interest-bearing financial assets and liabilities. The Group's and the Company's policy are to obtain the most favourable interest rate available. Any surplus funds of the Group and the Company will be placed with licensed financial institutions to generate interest income and dividend income.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial Risk Management Policies (Continued)

a. Market risk (continued)

ii. Interest Rate Risk (Continued)

The interest rate risk profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate instruments					
Financial assets					
Short-term investments	15	2,701,910	-	2,701,910	-
Deposit placed with licensed bank	16	4,008,797	-	3,579,797	-
		6,710,707	-	6,281,707	-
Floating rate instruments					
Financial liability					
Term loan	20	(2,863,775)	(3,151,516)	-	-

Sensitivity analysis for fixed rate instruments

A change of 100 basis point ("bp") in interest rates at the end of the reporting period would have increase or decrease the Group's and the Company's profit before tax by RM67,107 and RM62,817 respectively. This analysis assumes that all other variables remain unchanged.

Sensitivity analysis for floating rate instruments

A change of 100 basis point ("bp") in interest rates at the end of the reporting period would have increase or decrease the Group's profit/(loss) before tax by RM28,638 (2016: RM31,515). This analysis assumes that all other variables remain unchanged.

b. Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and cash equivalents), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

i. Receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by 5 (2016: 3) customers which constituted 89% (2016: 99%) of its trade receivables as at the end of the reporting period.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial Risk Management Policies (Continued)

b. Credit risk (Continued)

i. Receivables (Continued)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables as at end of the financial year by geographic region was:

	Group	
	2017 RM	**2016 RM**
Malaysia	3,981,064	4,259,750
British Virgin Islands	1,156,976	-
Hong Kong	2,147,000	-
Singapore	1,470,220	2,877,372
	8,755,260	7,137,122

ii. Inter-company balances

The Company provides unsecured loans and advances to its subsidiaries.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. There was no indication that the loans and advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are repayable on demand.

c. Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain credit facilities.

Analysis of financial instruments by remaining contractual maturities

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying Amount RM	**Undiscounted Contractual Cash Flows RM**	**On demand or within one year RM**	**One to five years RM**	**More than five years RM**
Group					
Financial liabilities					
2017					
Trade payables	420,576	420,576	420,576	-	-
Other payables and accruals	250,534	250,534	250,534	-	-
Borrowings	2,863,775	3,502,388	452,604	2,263,020	786,764
	3,534,885	4,173,498	1,123,714	2,263,020	786,764

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial Risk Management Policies (Continued)

c. Liquidity risk (Continued)

	Carrying Amount RM	Undiscounted Contractual Cash Flows RM	On demand or within one year RM	One to five years RM	More than five years RM
Group					
Financial liabilities					
2016					
Trade payables	420,576	420,576	420,576	-	-
Other payables and accruals	332,317	332,317	332,317	-	-
Borrowings	3,151,516	4,070,480	452,604	1,810,416	1,807,460
	3,904,409	4,823,373	1,205,497	1,810,416	1,807,460
Company					
Financial liabilities					
2017					
Other payables and accruals	74,251	74,251	74,251	-	-
2016					
Other payables and accruals	206,667	206,667	206,667	-	-

34.3 Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:

i. The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

ii. The carrying amount of the term loan approximated its fair value as this instrument bear interest at variable rate.

34.4 Fair Value Hierarchy

As at the end of the reporting period, there were no financial instruments carried at fair values.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

35. CAPITAL MANAGEMENT (CONTINUED)

	Group	
	2017 RM	2016 RM
Trade payables	420,576	420,576
Other payables and accruals	250,534	332,317
Provision for warranties	-	1,169,506
Bank borrowings	2,863,775	3,151,516
Less: Short-term investment	(2,701,910)	-
Less: Fixed deposits with licensed banks	(4,008,797)	-
Less: Cash and bank balances	(5,086,946)	(27,623,751)
Net debt	(8,262,768)	(22,549,836)
Total equity	43,515,629	40,681,688
Total net debt and equity	35,252,861	18,131,852
Debt to net debt and equity ratio	(23%)	(124%)

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

36.1 On 23 June 2016, a 60% owned subsidiary of the Company, Payallz Sdn. Bhd. ("Payallz") has entered into a Memorandum of Understanding ("MOU") with BlackRockme Pvt. Ltd. ("BlackRockme") for joint distribution of mobile payment software, solution and/or service excluding hardware in Iran and UAE market.

On 30 August 2016, Payallz and BlackRockme had mutually agreed to terminate the MOU as both parties are not able to agree on the terms of a definitive agreement.

36.2 On 4 April 2017, a wholly-owned subsidiary of the Company, Ariantec Sdn. Bhd. ("ASB") has entered into a Licensing Agreement with Payallz International Limited ("PLL") for the licensing of ASB's products, namely AllZ mPOS, AllZ+, AllZ 360° and AllZ Wallet ("Products"), based on a 50/50 revenue sharing model depending on the sale of the Products.

36.3 On 12 April 2017, Payallz has entered into a Technology Collaboration Agreement with XOX Wallet Sdn. Bhd., to develop an electronic payment mobile exchange that enables every XOX Berhad subscribers to be an e-commerce merchant and have interconnect ability with both local and international payment gateways.

36.4 On 19 April 2017, Payallz has entered into a Technology Partnership Agreement with M3 Online Sdn. Bhd., to develop an electronic payment mobile exchange that enables every XOX Berhad subscribers to be an e-commerce merchant and have interconnect ability with both local and international payment gateways.

36.5 On 5 May 2017, Payallz has entered into a Technology Partnership Agreement with Guangzhou, China based E-DO Business Technology Corporation ("E-Do") for the provision of e-commerce online payment, e-wallet and loyalty programme solutions services in territories of Cambodia, Malaysia and Thailand.

36.6 On 25 May 2017, the Company has entered into a Share Subscription Agreement with a Company based in China, Flavours of Malaysia ("FoM") for the subscription of FoM's shares equivalent to 51% of the issued and paid-up capital of FoM, for a cash consideration sum of RMB3,000,000.

36.7 On 16 June 2017, the Company has entered into a Conditional Subscription Agreement with Macquarie Bank Limited ("Investor") for the issuance and allotment of up to 500 million new ordinary shares in the Company to the Investor.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2017

37. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

37.1 On 3 August 2017, 162,500,000 share options under the Share Issuance Scheme at the option price of RM0.04 were granted by the Company and accepted by eligible employees.

37.2 On 15 September 2017, a 90% owned subsidiary of the Company, First United Technology Ltd. has acquired 48,100,000 shares of MLABS System Berhad ("MLABS") at an issue price of RM0.15 each, representing 8.43% equity interest in MLABS for a total cash consideration of RM7,215,000.00. Pursuant to the acquisition, First United Technology Ltd. will also be issued 24,050,000 free Warrants B of MLABS.

37.3 On 8 September 2017, Payallz has entered into the following:

a. Regional Agent Agreement ("RAA") and a Supplement Agreement with E-Do for the entrusting to Payallz by E-Do of the exclusive rights to promote the face-to-face payment clearing business, an online scanning payment and settlement business provided by Allinpay Network Services Co. Ltd ("Allinpay") to merchants by connecting through WeChat Pay, Union Pay, Jingdong Pay, Allinpay Wallet and other online wallets, in Malaysia.

b. Cooperation Agreement with Allinpay Financial Holdings Co. Ltd, ("Allinpay-FH") for the cooperation on the Allinpay's face-to-face payment services wherein Allinpay-FH shall provide financial receipt services, trading platform and transaction inquiry services to Payallz's clients or merchants, pursuant to the signing of the RAA.

37.4 On 20 September 2017, 26 September 2017, 9 October 2017 and 12 October 2017, the Company has issued and allotted 3,000,000, 10,000,000 and 4,000,000 and 9,000,000 shares respectively to Macquarie Bank Limited.

37.5 On 3 October 2017, Payallz has entered into a collaboration agreement with Multimedia Research Labs Sdn. Bhd. and Onliner Co. Ltd. for the establishment of the collaboration and exploration of opportunities to develop, support, implement plans and undertake activities to enhance Chatuchak's free Wi-Fi business that is mutually beneficial to the parties.

38. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Total retained profits /(accumulated losses)				
- realised	1,443,572	(38,382,292)	(883,338)	(37,345,866)
- unrealised	104,133	(492,506)	-	-
Retained profits/ (Accumulated losses) as per financial statements	1,547,705	(38,874,798)	(883,338)	(37,345,866)

ANALYSIS OF SHAREHOLDINGS
AS AT 13 OCTOBER 2017

Authorised Share Capital	RM250,000,000.00
Issued and Paid-up Share Capital	RM25,169,121.32
Class of Shares	Ordinary shares
Voting Rights	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	68	0.56	3,229	0.00
100 – 1,000	212	6.00	110,952	0.01
1,001 – 10,000	1,117	19.69	7,727,264	0.54
10,001 – 100,000	3,522	51.31	194,072,221	10.53
100,001 to less than 5% of issued shares	2,025	22.44	1,082,192,400	42.37
5% and above of issued shares	1	0	162,500,000	46.55
Total	6,945	100.00	1,446,606,066	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 13 OCTOBER 2017
(as per Register of Substantial Shareholders)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Asiabio Capital Sdn Bhd	161,457,713	11.16	-	-
Asia Bioenergy Technologies Berhad	-	-	161,457,713	11.16[1]

Notes:

[1] Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Asiabio Capital Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 13 OCTOBER 2017

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sik Eek	-	-	-	-
Chu Chee Peng	-	-	-	-
Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Yong Ket Inn	-	-	-	-

Analysis of Shareholdings
As at 13 October 2017

LIST OF TOP 30 SHAREHOLDERS

	Name	No. of Shares held	Percentage (%)
1	UOBM NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	162,500,000	11.233
2	LAU KOK SENG	42,310,000	2.925
3	TAN HOCK HUAT	31,001,000	2.143
4	LEE KIM SOON	18,352,500	1.269
5	CITIGROUP NOMINEES (ASING) SDN BHD *MACQUARIE BANK LIMITED (DBU A/C)*	14,391,300	0.995
6	CHOO AH NGO	14,000,000	0.968
7	CHOO KENG KIT	10,000,000	0.691
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHUNG KIN CHUAN (CHU0226C)*	7,701,000	0.532
9	MAH KOK FOON	7,500,000	0.518
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHIANG HOOI @ TAN SIANG HOOI (E-BMM)*	7,000,000	0.484
11	VOO SUK CHING	6,700,000	0.463
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD *HONG CHUAN CHUAN*	6,637,100	0.459
13	LIM BOON SENG	5,900,000	0.408
14	HEE CHOOI KEONG	5,399,900	0.373
15	LAW KOK WAH	4,500,000	0.311
16	ROSZALI BIN MOHAMED	4,440,000	0.307
17	NG SOON BENG	4,200,000	0.290
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TIAN FATT (REM 878-MARGIN)*	4,000,000	0.277
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG CHOON HUAT (E-KPG/BKI)*	4,000,000	0.277
20	TANG SOON CHYE	4,000,000	0.277
21	YEOH JING HOE	3,922,600	0.271
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LENG KOK LIANG (E-PRA/BTW)*	3,810,000	0.263
23	ONG YEW BENG	3,800,000	0.263
24	THAM WOOI LOON	3,800,000	0.263
25	TEOH HOOI BIN	3,700,000	0.256
26	CHUA MENG KEAT	3,500,000	0.242
27	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YOU PEI LING*	3,500,000	0.242
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)*	3,426,000	0.237
29	FOO SEW KEW	3,300,000	0.228
30	ONG BENG EYEU	3,300,000	0.228
	TOTAL	400,591,400	27.692

ANALYSIS OF WARRANTHOLDINGS
AS AT 13 OCTOBER 2017

Type of Securities	Warrants
Total Number of Warrants Issued	625,553,033
Total Number of Outstanding Warrants	625,553,033
Exercise Price	RM0.05 per warrant

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Holdings	No. of warrantholders	% of warrantsholders	No. of Warrant held	% of warrantholdings
Less than 100	1	0.00	33	0.00
100 – 1,000	21	2.91	14,900	0.01
1,001 – 10,000	128	9.51	954,700	0.27
10,001 – 100,000	818	49.71	49,777,450	10.55
100,001 < 5% of issued warrant	914	37.86	574,805,950	89.16
5% and above of issued warrant	0	0.00	0	0.00
Total	1,882	100.00	625,553,033	100.00

LIST OF DIRECTORS' WARRANTHOLDINGS

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Tan Sik Eek	-	-	-	-
Chu Chee Peng	-	-	-	-
Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Yong Ket Inn	-	-	-	-

Analysis of Warrantholdings
As at 13 October 2017

LIST OF TOP 30 WARRANTSHOLDERS

	Name	No. of Warrants held	Percentage (%)
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD *HONG CHUAN CHUAN*	20,217,100	3.232
2	MAH KOK FOON	12,000,000	1.918
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR WONG AI LANG (MQ0419)*	11,328,000	1.811
4	HENG LIANG KEA	9,853,000	1.575
5	TAN LEE GEK	9,450,000	1.511
6	SJC REALTY SDN. BHD.	6,000,000	0.959
7	TAN HUNG CHEW SDN BHD	6,000,000	0.959
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LENG KOK LIANG (E-PRA/BTW)*	5,620,000	0.898
9	LIM BOON SENG	5,000,000	0.799
10	LIT KHEE REALTY SDN BERHAD	5,000,000	0.799
11	MIKE HO KONG PANG	5,000,000	0.799
12	TAN HOOI LEONG	5,000,000	0.799
13	TAN TIAM YEE	4,996,000	0.799
14	LEE KIM SOON	4,651,500	0.744
15	THUM POH WENG	4,430,000	0.708
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOH MENG KONG (E-TJJ)*	4,271,500	0.683
17	ANG SOH MUI	3,801,900	0.608
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD *LEE LEP KIONG*	3,500,000	0.560
19	NG SWEE MEE	3,301,000	0.528
20	CHIN SAU HIN	3,117,000	0.498
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD *CHAN PAK LOON*	3,110,000	0.497
22	NG YEW CHOY	3,100,000	0.496
23	CHONG KIAM MENG	3,000,000	0.480
24	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG WAN LIH*	3,000,000	0.480
25	LOO ENG HWA	3,000,000	0.480
26	HOR CHIN SIANG	2,850,000	0.456
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIOW CHOCK SHUME*	2,830,000	0.452
28	YEOH JING HOE	2,808,000	0.449
29	RAZAK BIN ISAM	2,700,000	0.432
30	EOW KHENG IT	2,680,000	0.428
	TOTAL	161,615,000	25.836

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

FORM OF PROXY

No of Shares Held

I/We .... (BLOCK LETTERS)

NRIC No./Company No .... of

....

being (a) Member(s) of NETX HOLDINGS BERHAD (533441-W) hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares to be represented by proxy
1.	....
2.	....

or failing him/her,

1.	....
2.	....

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 November 2017 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

		FOR	AGAINST
Payment of directors' fee and benefits up to RM300,000 to Non-Executive Directors	ORDINARY RESOLUTION 1		
Re-election of Tan Sik Eek as Director	ORDINARY RESOLUTION 2		
Appointment of Auditors	ORDINARY RESOLUTION 3		
Authority to Allot Shares	ORDINARY RESOLUTION 4		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of 2017

....
Signature / Seal of Member

Notes:

i. *Only depositors whose names appear in the Record of Depositors as at 22 November 2017 shall be regarded as members and are entitled to attend, speak and vote at the Meeting.*

ii. *Each member entitled to attend and vote in person may appoint up to two (2) proxies or attorneys or authorised representatives to attend and vote in its stead.*

iii. *A proxy may but need not be a Member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*

iv. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of such Securities Account.*

v. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect each omnibus account it holds.*

vii. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at office of the Company's Share Registrar 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

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Affix
stamp

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

ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas,
50480 Kuala Lumpur
Wilayah Persekutuan

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