

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
REVENUE	242	3,483	9,702	17,567
COST OF SALES	(1,514)	(5,510)	(9,794)	(11,793)
GROSS PROFIT / (LOSS)	(1,272)	(2,027)	(92)	5,774
OTHER INCOME	1,023	1,621	2,472	2,184
ADMINISTRATION EXPENSES	(2,181)	(1,732)	(13,631)	(9,756)
OTHER OPERATING EXPENSES	(5,577)	(1,609)	(7,690)	(9,362)
PROFIT / (LOSS) FROM OPERATIONS	(8,007)	(3,747)	(18,941)	(11,160)
FINANCE COST	(35)	(39)	(145)	(162)
PROFIT / (LOSS) BEFORE TAX	(8,042)	(3,786)	(19,086)	(11,322)
INCOME TAX EXPENSES	-	30	(5)	(137)
NET PROFIT / (LOSS) FOR THE PERIOD	(8,042)	(3,756)	(19,091)	(11,459)
OTHER COMPREHENSIVE INCOME	(210)	209	100	(142)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(8,252)	(3,547)	(18,991)	(11,601)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(7,603)	(3,414)	(18,318)	(10,266)
NON-CONTROLLING INTEREST	(439)	(342)	(773)	(1,193)
	(8,042)	(3,756)	(19,091)	(11,459)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(7,806)	(3,180)	(18,206)	(10,395)
NON-CONTROLLING INTEREST	(446)	(367)	(785)	(1,206)
	(8,252)	(3,547)	(18,991)	(11,601)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.27)	(0.15)	(0.65)	(0.38)

*The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.*

**NETX HOLDINGS BERHAD (533441-W)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	<b>AS AT 30 June 2019 Unaudited RM'000</b>	<b>AS AT 30 June 2018 Audited RM'000</b>
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Plant and Equipment	6,815	6,402
Intangible Assets	17,017	11,671
Other Investments	307	300
Marketable Securities	2,873	3,846
	<u>27,012</u>	<u>22,219</u>
<b><u>CURRENT ASSETS</u></b>		
Inventories	64	42
Trade Receivables	12,876	18,074
Other Receivables, Deposits and Prepayment	5,392	10,231
Amount Owing by contract customers	61	1,967
Fixed Deposits placed with Licensed Bank	-	4,672
Short Term Investment	-	1,005
Cash and Bank Balances	34,849	37,754
	<u>53,242</u>	<u>73,745</u>
<b>TOTAL ASSETS</b>	<u><u>80,254</u></u>	<u><u>95,964</u></u>
<b><u>EQUITIES AND LIABILITIES</u></b>		
<b><u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u></b>		
Share Capital	90,489	87,035
Warrant Reserve	-	15,263
Share Option Reserve	-	-
Foreign Exchange Reserve	(30)	(141)
Retained Profits	(11,773)	(8,718)
	<u>78,686</u>	<u>93,439</u>
Non-Controlling Interest	(2,118)	(1,333)
<b>TOTAL EQUITY</b>	<u><u>76,568</u></u>	<u><u>92,106</u></u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Long Term Borrowing (Mortgage)	1,922	2,249
	<u>1,922</u>	<u>2,249</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables	454	430
Other Payables and Accruals	941	345
Deferred Income	21	505
Short Term Borrowing (Mortgage)	343	324
Tax liabilities	5	5
	<u>1,764</u>	<u>1,609</u>
<b>TOTAL LIABILITIES</b>	<u>3,686</u>	<u>3,858</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u><u>80,254</u></u>	<u><u>95,964</u></u>
Net Assets per share attributable to owners of the Company (RM)	0.03	0.03

*The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.*

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR YEAR TO DATE ENDED 30 JUNE 2019**

	←←←←← ATTRIBUTABLE TO OWNER OF THE PARENT →→→→→						NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	←←← NON - DISTRIBUTABLE →→→			←←← DISTRIBUTABLE →→→				
	SHARE CAPITAL RM'000	SHARE OPTION RESERVE RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000		
<b>Balance as at 1 July 2018</b>	87,035	-	15,263	(141)	(8,718)	93,439	(1,333)	92,106
Total Comprehensive income for the financial period	-	-	-	111	(18,318)	(18,207)	(785)	(18,992)
Transactions with owners:								
Share Issuance		-	-	-	-	-	-	-
Share options granted under SIS	-	837	-	-	-	837	-	837
Issuance of shares under SIS	3,454	(837)				2,617		2,617
Reversal of warrants		-	(15,263)	-	15,263	-	-	-
<b>Balance as at 30 June 2019</b>	<b>90,489</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>(11,773)</b>	<b>78,686</b>	<b>(2,118)</b>	<b>76,568</b>
<b>Balance as at 1 July 2017</b>	26,844	-	15,263	(12)	1,548	43,643	(128)	43,515
Net profit for the financial year representing total comprehensive income for the period	-	-	-	(129)	(10,266)	(10,395)	(1,205)	(11,600)
Transactions with owners:								
Share issuance during the year	27,715	-	-	-	-	27,715	-	27,715
Share options granted under SIS	-	4,266	-	-	-	4,266	-	4,266
Issuance of shares under SIS	33,437	(4,266)	-	-	-	29,171	-	29,171
Share issuance expenses	(961)	-	-	-	-	(961)	-	(961)
Effect from adoption of Company Act 2016	-	-	-	-	-	-	-	-
Change of stake in subsidiary	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>87,035</b>	<b>-</b>	<b>15,263</b>	<b>(141)</b>	<b>(8,718)</b>	<b>93,439</b>	<b>(1,333)</b>	<b>92,106</b>

*The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.*

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR TO DATE ENDED 30 JUNE 2019**

	<b>CURRENT YEAR TO DATE 30/6/2019 RM'000</b>	<b>PRECEDING YEAR TO DATE 30/6/2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(19,086)	(11,322)
Adjustment for:		
Depreciation of property, plant and equipment	443	285
Amortisation of intangible assets	3,643	2,087
Amortisation of deferred income	(562)	(1,518)
Impairment loss of receivable	4,032	422
Bad debts written off	1,847	-
Impairment loss on goodwill	-	693
Share-based payment expenses accrued	837	4,266
Property, plant and equipment written off	10	25
(Gain)/Loss on disposal of investment	-	(840)
Loss on fair value revaluation on investment	963	3,955
Unrealised foreign exchange (gain)/loss	(1,068)	1,529
Interest expense	145	162
Interest income	(1,276)	(1,037)
<b>Operating (loss)/profit before working capital changes</b>	<b>(10,072)</b>	<b>(1,293)</b>
Decrease / (Increase) in current assets	6,488	(5,153)
Increase / (Decrease) in current liabilities	618	104
Advance receipts for deferred income	289	1,885
<b>Cash Used in Operations</b>	<b>(2,677)</b>	<b>(4,457)</b>
Tax Refund / (Paid)	(5)	(10)
Interest received	1,276	1,037
Interest paid	(145)	(162)
<b>Net Cash Used in Operations</b>	<b>(1,551)</b>	<b>(3,592)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(879)	(44)
Acquisition of intangible assets	(8,656)	(11,342)
Proceeds from disposal of investment	-	980
Other Investment	-	(8,204)
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(9,535)</b>	<b>(18,610)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of shares	2,617	56,886
Payment for expenses for issuance of shares	-	(961)
Withdrew/(Placement) of deposits with licensed bank	4,672	(663)
Withdrew/(Placement) of short-term investment	1,005	1,697
Repayment of term loans	(308)	(290)
<b>Net Cash Used in Financing Activities</b>	<b>7,986</b>	<b>56,669</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,100)</b>	<b>34,467</b>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	37,754	5,087
EFFECT ON FOREIGN CURRENCY TRANSLATION	195	(1,800)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>34,849</b>	<b>37,754</b>
Cash and cash equivalents at end of year consist of :-		
Cash and bank balances	34,849	37,754
Short Term Investment	-	1,005
Fixed deposit with licensed bank	-	4,672
	34,849	43,431
Less: Short term investment	-	(1,005)
Less: Deposits placed with licensed bank	-	(4,672)
	34,849	37,754

*The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019**

**A. EXPLANATORY NOTES**

**A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for year ended 30 June 2018. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2018.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2018 except for the adoption of the following MFRS and Amendments to MFRS. The adoption of these MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective for annual periods beginning on or after</u>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements to MFRSs 2014 - 2016 Cycle		1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consolidation	1 January 2018

The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective for annual periods beginning on or after</u>
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle		1 January 2019
Amendments to MFRS 2	Share-Based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendment to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendment to MFRS 101	Presentation of Financial Reporting	1 January 2020
Amendment to MFRS 108	Accounting Policies, Change in Accounting Estimates and Errors	1 January 2020
Amendment to MFRS 134	Interim Financial Reporting	1 January 2020
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138	Intangible Assets	1 January 2020
Amendment to IC Interpretation 12	Services Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132	Intangible Assets – Web Site Costs	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
MFRS 10	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred until further notice

## **A2 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group are not subject to any seasonal or cyclical factors.

## **A3 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during current quarter and year to date ended 30 June 2019.

## **A4 CHANGES IN ESTIMATES**

There were no changes in estimates that have had any material effect on current quarter and year to date ended 30 June 2019.

## **A5 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter and year to date ended 30 June 2019 other than as disclosed below:

- 1) 116,316,900 ordinary shares were issued under Share Issuance Scheme;
- 2) Warrants 2016/2019 expired on 7 June 2019, no warrants exercised before expiry.

## **A6 DIVIDENDS PAID**

No dividends were paid during current quarter and year to date ended 30 June 2019.

## **A7 SEGMENTAL INFORMATION**

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

Electronic Payment services : Involved in terminal and other related services.

Non-electronic Payment services : Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, integration and installation and provision of IT services.

GEM : Involved in provision of reservation and planning services and its related solutions.

## A7 SEGMENTAL INFORMATION (CONTINUED)

	Electronic payment services RM'000	Non- electronic payment services RM'000	GEM RM'000	Elimination RM'000	Total RM'000
<b>2019</b>					
<b>Revenue</b>					
External revenue	5,752	352	3,598	-	9,702
Inter-company	491	-	-	(491)	-
	6,243	352	3,598	(491)	9,702
<b>Results</b>					
Segment operating profit/(loss)	(3,068)	(2,994)	(7,661)	-	(13,723)
Other operating income					2,472
Other operating expenses					(7,690)
Finance costs					(145)
Loss before taxation					(19,086)
Tax expenses					(5)
Loss after taxation					(19,091)
Non-controlling interests					(773)
Loss attributable to owners of the Company					(18,318)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>					
<b>Segments assets</b>	54,394	7,366	15,314	-	77,074
Other investments and market securities					3,180
Total assets					80,254
<b>Segments liabilities</b>	28	1,321	72	-	1,421
Term loan					2,265
Total liabilities					3,686

## A7 SEGMENTAL INFORMATION (CONTINUED)

	<b>Electronic payment services RM'000</b>	<b>Non- electronic payment services RM'000</b>	<b>GEM RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2018</b>					
<b>Revenue</b>					
External revenue	12,977	4,590	-	-	17,567
Inter-company	3,422	-	-	(3,422)	-
	16,399	4,590	-	(3,422)	17,567
<b>Results</b>					
Segment operating profit/(loss)	3,521	(7,503)	-	-	(3,982)
Other operating income					2,184
Other operating expenses					(9,362)
Finance costs					(162)
Loss before taxation					(11,322)
Tax expenses					(137)
Loss after taxation					(11,459)
Non-controlling interests					(1,193)
Loss attributable to owners of the Company					(10,266)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>					
<b>Segments assets</b>	34,546	57,272	-	-	91,818
Other investments and market securities					4,146
Total assets					95,964
<b>Segments liabilities</b>	540	745	-	-	1,285
Term loan					2,573
Total liabilities					3,858

## **A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

## **A9 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during current quarter and year to date ended 30 June 2019.

## **A10 CONTINGENT LIABILITIES**

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

## **A11 SIGNIFICANT EVENTS DURING THE INTERIM REPORTING PERIOD**

- 1) On 2 July 2018, 116,316,900 share options were offered to eligible employee at an exercise price of option of RM0.0225 each.
- 2) On 9 Oct 2018, 116,316,900 share options were fully exercise by eligible employee at an exercise price of option of RM0.0225 each.
- 3) On 16 January 2019, the Company proposes to undertake the private placement of up to 1,038,223,900 new ordinary shares and approved by Bursa Securities on 29 January 2019, as disclosed in Note B7.
- 4) On 25 April 2019, Gem Live Sdn Bhd (“GEM Live”), a wholly-owned subsidiary of NETX, has entered into a collaboration agreement with Buy Tickets Sdn Bhd (“BuyTickets”) whereby Buy Tickets shall provide and make available all technologies of the online ticketing websites or platform know as buytickets.com.my to Gem Live.
- 5) On 7 June 2019, the subscription rights of the Warrant 2016/2019 (“Warrants”) expired and become null and void and shall cease to exercisable thereafter.
- 6) On 26 June 2019, Netx Digital Limited, a wholly-owned subsidiary company has entered into a collaboration agreement with 2Go technologies Group Limited for the cooperation in the development and deployment of an electronic customer verification platform, otherwise known as the e-KYC platform, in Malaysia or any other parts of the Asia and Pacific region subject to term and conditions contained therein.

## **A12 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD**

- 1) On 8 July 2019, 252,000,000 shares were issued at an exercise price of RM0.0119 each under Private Placement.
- 2) On 19 July 2019, 220,000,000 share were issued at an exercise price of RM0.0136 each under Private Placement.

### **A13 CAPITAL COMMITMENTS**

The amount of commitments not provided for as at 30 June 2019 is as follows:

Approved and contracted for:	USD'000	RM'000
Intangible Assets	-	168
Registered share capital of FFUTL to be paid up by year 2048	8,889	-

### **A14 RELATED PARTY TRANSACTIONS**

There were no significant transactions with related parties during current quarter and year to date ended 30 June 2019.

## B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended 30.06.2019 RM'000	Ended 30.06.2018 RM'000	Changes		Ended 30.06.2019 RM'000	Ended 30.06.2018 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	242	3,483	(3,241)	(93)	9,702	17,567	(7,865)	(45)
Gross Profit	(1,272)	(2,027)	755	37	(92)	5,774	(5,866)	(102)
Profit Before Interest and Tax	(8,007)	(3,747)	(4,260)	(114)	(18,941)	(11,160)	(7,781)	(70)
Profit Before Tax	(8,042)	(3,786)	(4,256)	(112)	(19,086)	(11,322)	(7,764)	(69)
Profit After Tax	(8,042)	(3,756)	(4,286)	(114)	(19,091)	(11,459)	(7,632)	(67)
Profit Attributable to Ordinary Equity Holders of the Company	(7,603)	(3,414)	(4,189)	(123)	(18,318)	(10,266)	(8,052)	(78)

For the current quarter ended 30 June 2019, the Group recorded revenue of RM0.24 million, lower as compared to corresponding quarter in previous year of RM3.48 million mainly due to challenging market condition for Electronic payment solutions. The gross loss in current quarter was mainly attributed to the amortization of intangible assets of RM1.19 million.

The Group recorded a loss before taxation for the current quarter of RM8.04 million, higher losses as compared to RM3.79 million in the corresponding quarter in previous year mainly due to materialization of bad debts written off of RM1.85 million and higher provision for doubtful debts of RM4.03 million in current quarter.

For the 12 months ended 30 June 2019, the Group recorded revenue of RM9.70 million, lower as compared to RM17.57 million in preceeding year-todate, mainly due to lower revenue from Electronic Payment segment. The gross loss in current year was mainly due to lower margin and higher implementation cost arising from expansion of scope of work in software customization in order to compete in current market coupled with higher amortization cost on intangible assets.

The group recorded higher losses before tax of RM19.08 million for the current year-todate, as compared to preceding year to-date loss of RM11.32 million mainly due to gross loss as mentioned above, higher marketing expenses for promoting GEM products, bad debts written off of RM1.85 million and higher in provision for doubtful debts of RM4.03 million. The higher losses were cushioned by lower loss on fair value adjustment on investment in MLAB System Berhad by RM2.99 million, lower share-based compensation expenses by RM3.4 million and impairment of goodwill of RM0.69 as recorded in the previous year.

## Electronic Payment Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.06.2019	30.06.2018	RM'000	%	30.06.2019	30.06.2018	RM'000	%
Revenue	161	774	(613)	(79)	5,752	12,977	(7,225)	(56)
Gross Profit	(1,375)	87	(1,462)	(1,680)	(1,000)	7,532	(8,532)	(113)
Profit Before Interest and Tax	(5,209)	(2,158)	(3,051)	(141)	(6,908)	3,511	(10,419)	(297)
Profit Before Tax	(5,209)	(2,158)	(3,051)	(141)	(6,908)	3,511	(10,419)	(297)
Profit After Tax	(5,209)	(2,111)	(3,098)	(147)	(6,908)	3,394	(10,302)	(304)
Profit Attributable to Ordinary Equity Holders of the Company	(5,075)	(1,769)	(3,306)	(187)	(6,593)	4,587	(11,180)	(244)

For the current quarter ended 30 June 2019, Electronic payment services segment reported revenue of RM0.16 million and gross loss position, lower than RM0.77 million revenue and gross profit margin of 11% to the corresponding quarter in previous year, mainly due to challenging market condition for electronic payment solutions.

The segment reported loss before tax of RM5.21 million in current quarter, higher than RM2.16 million in the corresponding quarter in previous year mainly due to lower sales and gross loss position as mentioned above, bad debts written off of RM1.85 million and provision of doubtful debts of RM2.02 million.

This segment achieved revenue of RM5.75 million in current year to-date, lower as compared to preceding year to-date of RM12.98 million mainly due to challenging market condition for electronic payment solutions. The gross loss in current year to-date was mainly due to lower margin and higher implementation cost arising from expansion of scope of work in software customization in order to compete in current market coupled with higher amortization cost on intangible assets.

This segment recorded loss before tax of RM6.91 million, lower as compared to preceding year to-date's profit before tax of RM3.51 million mainly due to lower revenue and gross loss position as mentioned above, bad debts written off of RM1.85 million and provision of doubtful debts of RM2.02 million.

Non-electronic Payment Services Segment

Non -Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.06.2019	30.06.2018	RM'000	%	30.06.2019	30.06.2018	RM'000	%
Revenue	-	2,709	(2,709)	-	352	4,590	(4,238)	(92)
Gross Profit	-	(2,114)	2,114	-	34	(1,758)	1,792	102
Profit Before Interest and Tax	(85)	(2,838)	2,753	97	(450)	(3,185)	2,735	86
Profit Before Tax	(120)	(2,876)	2,756	96	(595)	(3,347)	2,752	82
Profit After Tax	(120)	(2,893)	2,773	96	(600)	(3,367)	2,767	82
Profit Attributable to Ordinary Equity Holders of the Company	(120)	(2,893)	2,773	96	(600)	(3,367)	2,767	82

This segment's revenue of RM0.35 million in current year to-date, lower as compared to preceding year to-date of RM4.59 million as the current year to-date's revenue were the remaining balance of progress billings from the contract secured in year 2017. The gross loss in the corresponding quarter in previous year and previous year to-date was mainly due to higher actual cost than initial projected cost on the contract secured in year 2017.

This segment reported a loss before tax of RM0.12 million in current quarter and RM0.6 million in current year to-date, lower loss as compared to RM2.87 million in the corresponding quarter in previous year and RM3.35 million in previous year to-date respectively, mainly due to gross loss position in previous year as mentioned above.

GEM Segment

GEM	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	30.06.2019	30.06.2018	RM'000	%	30.06.2019	30.06.2018	RM'000	%
Revenue	81	-	81	-	3,598	-	3,598	-
Gross Profit	103	-	103	-	874	-	874	-
Profit Before Interest and Tax	(3,927)	-	(3,927)	-	(9,667)	-	(9,667)	-
Profit Before Tax	(3,927)	-	(3,927)	-	(9,667)	-	(9,667)	-
Profit After Tax	(3,927)	-	(3,927)	-	(9,667)	-	(9,667)	-
Profit Attributable to Ordinary Equity Holders of the Company	(3,927)	-	(3,927)	-	(9,667)	-	(9,667)	-

This is the new segment which commence this year. This segment recorded a loss before tax of RM3.93 million in current quarter and RM9.67 million in current year to-date mainly due to resources invested for expansion of the business and high marketing cost for promoting GEM products.

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

	Current Quarter	Preceding Quarter		
	Ended 30.06.2019 RM'000	Ended 31.03.2018 RM'000	Changes RM'000 %	
<b>Group Results</b>				
Revenue	242	422	(180)	(43)
Gross Profit	(1,272)	(423)	(849)	(201)
Profit Before Interest and Tax	(8,007)	(3,479)	(4,528)	(130)
Profit Before Tax	(8,042)	(3,514)	(4,528)	(129)
Profit After Tax	(8,042)	(3,514)	(4,528)	(129)
Profit Attributable to Ordinary Equity Holders of the Company	(7,603)	(3,265)	(4,338)	(133)

The Group recorded revenue of RM0.24 million in current quarter, lower as compared to RM0.42 million in previous quarter mainly due to lower rental received from credit card terminal. The loss before tax of RM8.04 million in current quarter, higher as compared to RM3.51 million in previous quarter mainly due to provision for doubtful debts of RM4.03 million and bad debts written off of RM1.85 million.

## B3 FUTURE PROSPECTS

The Group is currently developing the MPEX system together with third party developers, which the Group intends to offer the MPEX system to its existing merchants which were previously obtained through its EFTPOS terminals business as well as secure new merchants.

Further to the above, the Group intends to leverage on its existing experience, technologies and infrastructures in the mobile payment segment to venture into the mobile app space via the development of GEM app, which is expected to enhance the income stream of the Group.

The Group will continue to pursue business ventures domestically and internationally to propel future growth. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 September 2019.

## B4 PROFIT FORECAST OR PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Company.

**B5 PROFIT / (LOSS) BEFORE TAX**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Totdate Ended	Preceding Year Totdate Ended
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of PPE	131	84	443	285
Amortisation of intangible assets	1,192	659	3,643	2,087
Bad debts written off	1,847	-	1,847	-
Property, plant and equipment written off	-	6	10	25
Interest expense	35	39	145	162
Foreign exchange (gain) / loss	(968)	(1,763)	(892)	1,672
Interest income	(1,086)	(734)	(1,276)	(1,037)
Rental income	(20)	(50)	(117)	(201)
FV (Gain)/Loss on Investment	(303)	(351)	963	3,955
(Gain) / Loss on disposal of Investment	-	(840)	-	(840)
Impairment of goodwill on consolidation	-	693	-	693
Share-based Compensation expenses	-	-	837	4,266
Allowance for doubtful debts	4,032	379	4,032	422

**B6 TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Totdate Ended	Preceding Year Totdate Ended
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Current period				
- Income taxation	-	(147)	5	20
- Deferred taxation	-	117	-	117
Total	-	(30)	5	137

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

The effective tax rate of the Group for the financial year were higher than the statutory tax rate mainly due to certain expenses not tax allowable.

## B7 STATUS OF CORPORATE PROPOSALS

On 16 January 2019, the Company proposed to undertake the private placement of up to 1,038,223,900 new ordinary shares, representing up to 30% of the enlarged total number of issued shares of the Company, to independent third party investors. Bursa Securities has, vide its letter dated 29 January 2019 approved the listing and quotation of up to 1,038,223,900 Placement Shares to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement was approved by the shareholders at the Extraordinary General Meeting held on 22 February 2019.

252,000,000 share were issued on 8 July 2019 at an exercise price of RM0.0119 each and 220,000,000 shares were issued on 19 July 2019 at an exercise price of RM0.0136 each.

## B8 STATUS OF UTILISATION OF PROCEEDS

### A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED

On 16 June 2017, the Company entered into a conditional subscription agreement with Macquarie Bank Limited (“Macquarie Bank”) in relation to the proposed issuance and allotment of up to 500 million new ordinary shares in NetX to Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement (“Proposed Share Issuance”)

The Shares Issuance was completed on 19 January 2018. The 500 million Subscription Shares under the Share Issuance have fully subscribed by Macquarie Bank raising RM21,103,000.00 for the Company.

<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance (RM'000)</b>	<b>Intended Timeframe for Utilisation</b>
Development and marketing of MPEX System	20,000	8,477	11,523	Within 24 months
Working Capital	323	323	-	Within 24 months
Corporate Exercise exp	780	780	-	Immediate
	<u>21,103</u>	<u>9,580</u>	<u>11,523</u>	

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

On 15 March 2018, The Company propose to undertake the private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company to third party investor(s). The private placement has been completed on 20 April 2018 following the listing and quotation of 243,998,000 placement shares at RM0.0271 per placement shares on the Ace Market of Bursa Securities, raising RM6,612,346 for the Company.

<b>Purpose</b>	<b>Purpose Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance (RM'000)</b>	<b>Intended for Timeframe Utilisation</b>
Payallz's funding requirement for Onliner Project	6,504	3,270	3,234	Within 36 months
Expenses for the Private Placement	108	108	-	Immediate
	<u>6,612</u>	<u>3,378</u>	<u>3,234</u>	

## B9 GROUP BORROWINGS AND DEBT SECURITIES

	<b>As at 30.06.2019 Unaudited RM'000</b>	<b>As at 30.6.2018 Audited RM'000</b>
<b>Short term borrowing</b>		
Term loan - Secured	<u>343</u>	<u>324</u>
<b>Long term borrowing</b>		
Term loan - Secured	<u>1,922</u>	<u>2,249</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 5.34% per annum.

## B10 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter and year to date ended 30 June 2019.

## B11 EARNINGS PER SHARE

(a) Basic

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30.06.2019	Preceding Year Corresponding Quarter Ended 30.06.2018	Current Year To date Ended 30.06.2019	Preceding Year To date Ended 30.06.2018
Net profit/(loss) attributable to owners of the parent (RM)	<u>(7,603,000)</u>	<u>(3,414,000)</u>	<u>(18,318,000)</u>	<u>(10,266,000)</u>
Weighted average number of ordinary shares	<u>2,800,298,516</u>	<u>2,278,401,225</u>	<u>2,800,298,516</u>	<u>2,683,981,616</u>
Basic profit/(loss) per share (sen)	<u>(0.27)</u>	<u>(0.15)</u>	<u>(0.65)</u>	<u>(0.38)</u>

## B11 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 June 2018 was not subject to any qualification.

## B12 AUTHORISATION FOR ISSUE

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