NETX

2015 ANNUAL REPORT

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BOARD OF DIRECTORS

YM Tengku Ahmad Badli Shah Bin Raja Hussin	*Independent Non-Executive Chairman (Appointed 9 April 2015)*
Tan Sik Eek	*Executive Director (Appointed 21 April 2015)*
Chu Chee Peng	*Independent Non-Executive Director (Appointed 9 June 2015)*
Yong Ket Inn	*Independent Non-Executive Director (Appointed 9 June 2015)*

AUDIT COMMITTEE

Yong Ket Inn *(Chairman)*
YM Tengku Ahmad Badli Shah Bin Raja Hussin
Chu Chee Peng

NOMINATING AND REMUNERATION COMMITTEE

Chu Chee Peng *(Chairman)*
Tengku Ahmad Badli Shah Bin Raja Hussin
Yong Ket Inn

CORPORATE OFFICE

1-3 Street Wing,
Sunsuria Avenue
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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
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47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7803 1126
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AUDITORS

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9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
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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

STOCK EXCHANGE LISTING

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

WEBSITE

http://www.netx.com.my

NETX HOLDINGS BERHAD (533441-W)

100%
Ariantec Sdn Bhd
(513689-K)

60%
Payallz Sdn Bhd
(976790-U)

100%
Spammerspy
Technologies
International
Sdn Bhd
(722799-K)

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") for the financial year ended 30 June 2015.

Financial Review

For the financial year ended 30 June 2015, the Group recorded revenue of RM3.58 million and loss after taxation ("LAT") of RM11.94 million. Compared to the annualized revenue and LAT of RM3.45 million and RM3.89 million respectively from the previously reported revenue of RM5.17 million and LAT of RM5.84 million over a 18 months period, this year's results represent a 3.77% increase in revenue and corresponding 206.94% increase in LAT.

The slight increase in revenue was mainly derived from the sales of networking and related equipment whereas the increase in LAT was due mainly to impairment on goodwill.

Industry Outlook

The Malaysian economy is expected to register growth of 4.5% - 5.5% in 2015 in face of a challenging external environment. The growth is expected to be supported mainly by the sustained expansion in domestic demand riding on strong domestic fundamentals and a resilient export sector.

Malaysia's ICT services segment contribution to GDP meanwhile is estimated to increase from 5.2% in 2010 to 5.5% in 2015, while the ICT manufacturing segment contribution is estimated to decrease from 4.6% in 2010 to 3.9% in 2015, reflecting the transition of the ICT industry from manufacturing towards higher value-added services. The ICT industry, including e-commerce, is estimated to contribute 16.8% to the GDP in Malaysia in 2015.

For IT specifically, the market is expected to expand by 7.7% to about RM21 billion in Malaysia in 2015. In terms of segmentation, the market is as follows:

- computer hardware sales: RM9.5 billion in 2014 to RM9.8 billion in 2015;
- software sales: RM3.9 billion in 2014 to RM4.4 billion in 2015; and
- IT services sales: RM6.1billion in 2014 to RM6.8 billion in 2015.

The utilisation of ICT will be enhanced among services firms to reduce dependence on low-skilled foreign workers and to boost productivity. This will assist to contribute to labour productivity, particularly in the services sector. In the ICT industry, niche areas will be further promoted and export capabilities enhanced to ensure that Malaysia captures a bigger export market for ICT products and services. The identified niche areas include digital content, Internet of Things, data centres and cloud services, cyber security, software development and testing, and big data analytics. The ICT market expected to continue to be driven by a supportive economic environment and a government policy framework encouraging further development of the market, rising incomes and increased access to affordable data connectivity, along with cuts to Windows licensing fees. This will boost both corporate and consumer spending.

Prospect and Strategy

Whilst we remain cautious over the outlook of the economy, the Board recognizes the need for the Group to continually reinvent its business and has taken affirmative steps to expand its scope of its business operation to cover the growing electronic payment industry in Malaysia. Much of this strategy revolves around streamlining of our operations via the completed disposal of the non-active subsidiaries on 30 June 2015, the introduction of a fund raising exercise which is expected to be completed by early to mid 2016, and the acquisition of Payallz Sdn Bhd on 24 April 2015 which is expected to provide the Group with an added avenue to penetrate into the electronic payment industry. The expansion of our Group's activity to cover the electronic payment industry is expected to gain traction in the financial year ending 30 June 2016 and hopefully will contribute positively to the Group's future financial performance and position.

Acknowledgement and Appreciation

On behalf of the Board of Directors, I wish to extend my sincere gratitude to Dato' Chang Lik Sean, En. Yahya bin Razali, Mr. Lai Pai Lan and Mr. Chong Loong Men, whom have since resigned from the Board, for their services and sacrifices made on behalf of the Group. I wish them all the best in their present and future undertakings.

To our stakeholders, I would like to express my sincerest gratitude for your continued support, and to the management and staff, I offer you my thanks for your efforts and contributions.

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

YM Tengku Ahmad Badli Shah Bin Raja Hussin
Malaysian, 46 years old
Independent Non-Executive Chairman

YM Tengku Ahmad Badli Shah Bin Raja Hussin (YM Tengku Badli) was appointed as Independent Non-Executive Director and Chairman of NetX on 9 April 2015. He was graduated in Bachelor of Law degree (LLB Hons) from University of East Anglia, United Kingdom.

YM Tengku Badli has extensive years' of exposure in the financial industry sector. He started his career as a Management Trainee in Hongkong and Shanghai Banking Corporation, Hong Kong ("HSBC") in 1994 and continued his stint with HSBC Group in various senior positions covering both corporate and commercial as well as retail & consumer banking division. He later pursued his career with Kuwait Finance House (Malaysia) Berhad in February 2008 as Head of Branch Management prior to joining Pelaburan MARA Berhad in September 2013. YM Tengku Badli is currently the Chief Executive Officer of PMB Tijari Berhad, a subsidiary of Pelaburan MARA Berhad Group.

He is also actively involved in serving the society. He was commissioned by SPB Yang Di Pertuan Agong 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. In NetX, YM Tengku Badli is a member of the Audit Committee and Nominating and Remuneration Committee respectively. He is also the Senior Independent Director of NetX. 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 10 years other than traffic offences and has no conflict of interest with NetX.

Tan Sik Eek
Malaysian, 39 years old
Executive Director

Tan Sik Eek (Steve) is an Executive Director of NetX appointed on 21 April 2015. Steve majored in Economics and Political Science from 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 companies like 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 and China Automobile Parts Holdings Limited. 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 10 years other than traffic offences and has no conflict of interest with NetX.

Chu Chee Peng
Malaysian, 44 years old
Independent Non-Executive Director

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

Mr. Chu was 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 the public listed company in Malaysia.

He has extensive experience covering activities such as, to identify the new business opportunities, to develop and execute the investment that will significantly contribute to the company and Nation's income and to development of new funding structure/ecosystem and creation of high value jobs.

He is also an entrepreneur with an inclination towards innovation and high technology commercial industries.

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 and a member of the Audit 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 10 years other than traffic offences and has no conflict of interest with NetX.

Yong Ket Inn
Malaysian, 58 years old
Independent Non-Executive Director

Mr Yong Ket Inn is an Independent Non-Executive Director of NetX appointed on 9 June 2015. Mr Yong holds an honors 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 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 by attaching to a Chartered Accountants firm in England. During his career, he had worked as Head of Finance in large Offshore Engineering and Shipbuilding Company, Integrated Steel Mill and IT Company.

Mr Yong does not hold any shares in NetX. He is the Chairman of the Audit Committee and also a member of 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 10 years other than traffic offences and has no conflict of interest with NetX.

PURPOSE

The Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Group.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The composition of the Audit Committee and the attendance of the respective members at each Audit Committee Meeting during the financial year ended 30 June 2015 are as follows:

Member	Designation	Directorship	Attendance
Lai Pai Lan (Resigned on 6 April 2015)	Chairman	Independent Non-Executive Director	4/4
Yahya Bin Razali (Resigned on 1 June 2015)	Member	Independent Non-Executive Director	5/5
Chong Loong Men (Resigned on 18 December 2014)	Member	Deputy Chairman /Independent Non-Executive Director	2/3
YM Tengku Ahmad Badli Shah Bin Raja Hussin (Appointed on 9 April 2015)	Member	Senior Independent Non-Executive Director	1/1
Yong Ket Inn (Appointed on 9 June 2015)	Chairman	Independent Non-Executive Director	N/A
Chu Chee Peng (Appointed on 9 June 2015)	Member	Independent Non-Executive Director	N/A

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

1. Members of the Committee shall be appointed by the Board of Directors from amongst themselves and the Committee shall fulfil the following requirements:

   (1) the Committee must be composed of no fewer than three (3) members;

   (2) all the Committee members must be non-executive directors, with a majority of them being independent directors;

   (3) at least one (1) member of the Committee:
   a. must be a member of the Malaysian Institute of Accountants ("MIA"); or
   b. if he is not a member of the MIA, he must have at least three (3) years' working experience and:

      i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   c. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

2. No alternate director shall be appointed as a member of the Committee.

3. The members of the Committee shall elect a chairman from among their number who shall be an independent director.

4. If a member of the Committee resigns, dies or for any reason ceases to be a member which results in the number being reduced below three (3), the vacancy must be filled within three (3) months.

RIGHTS

The Committee shall in accordance with the procedure determined by the Board of Directors and at the cost of the Company:-

a) have authority to investigate any matter within its terms of reference;

b) have the resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the Company;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;

e) be able to obtain independent/external professional or other advice; and

f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

FUNCTIONS

The functions of the Committee are as follows:-

(1) To review the following and report the same to the Board of Directors:-

    (a) with the external auditor:

        (i) the audit plan;

        (ii) evaluation of the system of internal controls;

        (iii) the audit report;

    (b) the assistance given by the employees of the Company to the external auditor;

    (c) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out their works;

    (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(e) the quarterly financial report and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes;

(ii) significant and unusual events;

(iii) significant adjustments arising from the audit;

(iv) the going concern assumption; and

(v) compliance with accounting standards and other legal requirements

(f) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(g) any letter of resignation from the external auditors, if any;

(h) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and

(i) in relation to the risk management:-

(i) provide an objective view on the effectiveness of the risk management framework, review and monitor risk reporting;

(ii) act as an advisor, educator and change catalyst in risk and control areas in the organisation;

(iii) provide an independent view on specific risk and control issues, trends and events;

(iv) evaluate how the management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;

(v) ensure an appropriate system is established to identify and report on areas of potential business risk timely for remedial actions to be taken;

(vi) recommend to the Board its findings and propose course of actions to be taken to ensure controls are put in place to address these risks. Senior management of the Group is responsible for the actions to be taken;

(vii) seek regular assurance from management to ensure alignment of risk management strategies and culture with the Group's business objectives;

(viii) seek reqular assurance from management to ensure that appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board; and

(ix) seek regular assurance from management to ensure that a comprehensive risk management approach is in place to identify risks, communicate risk inter-relationships and manage risk profiles across the organisation.

(2) To recommend the nomination of external auditors and their audit fees.

(3) To carry out any other function that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and ensure the effectiveness discharge of the Committee's duties and responsibilities.

(4) To report to the Board of Directors with such recommendations as the Committee deemed appropriate.

(5) To report to the Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board of Directors of the Company which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities.

MEETINGS

1. The Committee shall meet at least four (4) times in a year or a frequency to be decided by the Committee.

2. A minimum of two (2) independent members present shall form the quorum. The quorum of the meeting is by the presence of a majority of independent members.

3. Upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters which should be brought to the attention of the directors or shareholders.

4. The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

5. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.

6. The Company must ensure that other directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

PROCEDURE OF COMMITTEE

The Committee may regulate its own procedures, in particular:-

(a) the calling of meetings;

(b) the notice to be given of such meetings;

ACTIVITIES

The Committee had carried out the following activities during the financial year ended 30 June 2015 in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and recommendation of the same to the Board for approval and release of the Group's result to Bursa Malaysia Securities Berhad;
- reviewed the external auditors scope of work and audit plan for the Group;
- reviewed with external auditors on the results and issues arising from their audit of the financial year end statements and their resolutions of such issues highlighted in their report to committee;
- met with external auditors without the presence of the management;
- reviewed internal audit findings and recommendations for improvement in the system of internal control;
- considered and recommended the external auditors for re-appointment;
- reviewed the Related Party Transactions entered into by the group;
- reviewed the compliance with accounting standards and other legal requirements;
- reviewed various policies in compliance with the best practices recommended under the Malaysian Code on Corporate Governance 2012 before recommending to the Board for adoption;
- reviewed the status of compliance with the Malaysian Code on Corporate Governance 2012 with the Internal Auditor;
- reviewed the risk management framework and risk register before recommending to the Board for adoption.
- reviewed the Audit Committee report and statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the Annual Report.

Internal Audit Function

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

The internal audit team conducts scheduled internal audit based on the audit plan presented to and approved by the Audit Committee. Findings and corrective measures are to be reported to the Audit Committee for improvements and to ensure sound internal control system are established and continue to function effectively and satisfactorily with the Group.

The Board of Directors ("Board") of NetX Holdings Berhad 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. BOARD OF DIRECTORS

1.1 Roles and Responsibilities of the Board

The Group acknowledges the importance of having an effective Board to lead and control the Group. Members of the Board are suitably qualified in view of their respective qualifications and experience with a good mix of industry-specific knowledge, board business sense and commercial experience. These include business, corporate entrepreneurial sectors, finance, accounting and economics.

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 Company.

   Set the Group's strategy, performance target and long term goals of the business and ensure that resources are available to meet its objective.

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

   Review the Group's progress against its strategy, performance target and long term goals.

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

   The Board is responsible for reviewing the principle risks, establish appropriate controls and action items to ensure that obligations to shareholders and other stakeholders are met.

iv. Review the adequacy and integrity of the Group's internal control systems including compliance with applicable laws, regulations, rules, directives and guidelines.

   The effectiveness of the system of internal controls is reviews by the Audit Committee periodically during its quarterly meetings. The review covers the financial, accounting and reporting policies and practices, reports of the internal and external auditors.

v. Succession planning including appointing, training, fixing the remuneration.

The Nominating and Remuneration Committee ("NRC") has been entrusted with the responsibility to review candidates for appointment to the Board. The NRC assess the suitability of candidates in terms of competencies, commitment, contribution and performance.

1.2 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 is a source of reference and primary induction literature, providing insights to prospective Board members and Senior Management. Both Board Charter and Directors' Code of Conduct are also available on the Company's website at www.netx.com.my.

1.3 Board Composition and Balance

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 on pages 5 to 6 of the Annual report 2015.

Generally, the Executive Director along with the Management Team are responsible for making and implementing operational decisions. 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.

No individual or group of individuals dominates the Board's decision making, as the Independent Directors play an important role in providing independent and balanced views and opinions by objectively participating in the proceedings and decision making process of the Board. The Board discharges its duties effectively in ensuring the Company achieves better financial performance and sustainable value to the stakeholders.

1.4 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 Board conducted assessment on the independence of the Independent Directors and is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the Listing Requirements.

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 Committee 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.

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 any Independent Directors who have served the Board exceeding the tenure of 9 years. The Board notes the recommendations of MCCG 2012 and shall address the matter when the time arises.

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.

1.5 Board Meetings and Supply of Information to the Board.

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. To assist the Board in managing the Group, the Board meetings are governed by a structured formal agenda and schedule of matters arising for approval or attention with sufficient time given for deliberations.

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.

The number of Board meetings held during the financial year ended 30 June 2015 and each Director's attendance at the meetings were as follows:-

Director	Directorship	Total Meetings Attended
Yahya bin Razali (Resigned on 1 June 2015)	Independent Non-Executive Director	5/5
Dato' Chang Lik Sean (Resigned on 1 June 2015)	Executive Director	5/5
Lai Pai Lan (Resigned on 6 April 2015)	Independent Non-Executive Director	4/4
Chong Loong Men (Resigned on 18 December 2014)	Deputy Chairman/Independent Non-Executive Director	2/3
Tengku Ahmad Badli Shah Bin Raja Hussin (Appointed on 9 April 2015)	Senior Independent Non-Executive Director	1/1
Tan Sik Eek (Steve) (Appointed on 21 April 2015)	Executive Director	1/1
Yong Ket Inn (Appointed on 9 June 2015)	Independent Non-Executive Director	N/A
Chu Chee Peng (Appointed on 9 June 2015)	Independent Non-Executive Director	N/A

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the management 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 has access to the advice and services of the Company Secretary who is suitably qualified under Section 139A of the Companies Act 1965 ("Act"), and competent. The Company Secretary is also responsible to ensure that Board meeting procedures are followed and the applicable statutory and regulatory requirements are complied with.

The Company Secretary ensures that all Board and Board Committee deliberations and resolutions are properly and accurately minuted and will update the Board regularly on any regulatory changes and developments in corporate governance.

1.6 Appointment and Re-election of Directors

The NRC takes part in the recruitment of new Directors upon receiving a nomination for new Directors. The review process would entail the assessment of the candidates' background, experience, knowledge and skills critical to the Group's business. 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 NRC also conducted assessment of the Board of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and the effectiveness of the Board as a whole, the Committees of Directors and the contribution of each Director.

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.

1.7 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.

1.8 Board Committee

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 Committee and the NRC, 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.

a. Audit Committee ("AC")

The composition of the AC comprises of two (2) Independent Non-Executive Directors and one (1) Senior Independent Non-Executive Director.

The terms of reference, key functions and a summary of activities of the AC are set out separately in the AC Report as laid out in pages 7 to 11 of this Annual Report.

b. NRC

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

The functions of the NRC are as follows:

On Nominating

The Committee shall:-

i. assess the suitability of candidates in terms of the competencies, commitment, contribution and performance;

ii. recommend to the Board of Directors the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s);

iii. recommend to the board, directors to fill the seats on board committees;

iv. 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;

v. 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; and

vi. review the board succession plans and training programmes; and

vii. facilitate board induction and training programmes.

On Remuneration

The Committee shall recommend to the board, the remuneration packages of executive directors of the Company in all its forms, drawing from outside advice as necessary.

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

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 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.

As all members of the NRC are Independent Directors, the assessment of their independence will be conducted by the Board as a whole.

The summary of the activities of the NRC during the financial year are as follows:

- Recommended to the Board the nomination of person(s) to be Board member(s).
- 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 the Directors.
- Discussed the Company's Directors' retirement by rotation.

The NRC is satisfied with the effectiveness of the Board/Board Committees. The assessment and evaluation is properly documented.

1.9 Directors' Remuneration

The Board has established a remuneration policy and to facilitate the NRC to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Director(s).

The NRC recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Director(s) to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

The aggregate remuneration of the Directors for the financial year ended 30 June 2015 are as follows:

Component	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salaries & other emoluments	3,500	7,000	10,500
Fees	77,961	76,558	154,519
Benefit in Kind	-	-	-
Total	81,461	83,558	165,019

The number of directors whose total remuneration during the financial year ended 30 June 2015 that fall within the following bands are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	1	6	7
RM50,001 to RM100,000	1	-	1
RM100,001 to RM150,000	-	-	-

1.10 Directors' Training

All existing Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and they are encouraged to attend continues education programmes and seminars to keep abreast with the latest developments in the marketplace 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 programmes.

The seminars, conferences and training programmes attended by the Directors during the financial year ended 30 June 2015 to better enable them to fulfill their responsibilities are as summaries below:

Training Attended/Courses	Details of the Training
Environmental, Social & Governance (ESG) Index and Industry Classification Benchmark	The seminar provide greater awareness on the benefits of enhancing ESG disclosure and practices and knowledge of ESG methodology.
Risk Management & Internal Control - Is Our Line of Defence Adequate and Effective?	To better understand risk management and internal control process related to its adequacy and effectiveness.
Asean Corporate Governance Scorecard	Application and appreciation relating to the Corporate Governance.
Goods and Services Tax (GST) on Business	To better understand impact on Goods and Services Tax on business.
Risk Management & Internal Control – For Audit Committee	To Strengthen AC role in enhancing the disclosure as well as better understanding on the Lines of Defence in an organisation's governance, risk management and internal control processes.

1.11 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 strategies to promote sustainability and its implementation can be found at the Company's website at www.netx.com.my

2. Shareholders' Communication and Investor Relations

2.1 Effective Communication Policy

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.

2.2 Dialogue between the Company and Investors

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 Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Securities.

2.3 The Annual General Meeting ("AGM")

The 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 enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Suggestions and comments by shareholders will be noted by the Board for consideration.

The Board encourages poll voting for resolutions and will evaluate the feasibility of carrying out electronic polling at its general meetings in the future.

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

3. Accountability and Audit

3.1 Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year provide a true and fair view of the Company and the Group. The Directors deliberate on financial statements and ensure that the Group has used appropriate accounting policies, supported by reasonable and prudent judgment and estimates.

The AC assists the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure. The AC 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.

The Statement of Directors' Responsibility in respect of the annual audited financial statements pursuant to paragraph 15.26(a) of the Listing Requirements pursuant to the Statement of Directors' responsibility of the Companies Act, 1965 is set out in the section of Directors' Responsibility Statement on Financial Statements in relation to the audited financial statements of this Annual Report.

The Group's financial statements are presented in pages 27 to 76 of the Annual Report.

3.2 Internal Control

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 AC, the External Auditors and the Internal Auditors, who will report directly to the AC on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

The total cost incurred for the internal audit function for the financial year ended 30 June 2015 amounted to RM11,800.

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

3.3 Relationship with Auditors

Through the AC, the Board has established a formal and transparent relationship with the Group's auditors, both internal and external, in seeking professional advice towards ensuring full compliance with applicable accounting standards.

The Company's independent External Auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements. The External Auditors assures the AC that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The suitability and independence of External Auditors are assessed annually in order for the AC to recommend to the Board for the re-appointment of the External Auditors for the ensuing year.

3.4 Principle and Rules of Business Conduct and Whistleblowing Policy

The Board is committed to achieving and maintaining high ethical standards with regard to behavior at work and hence the Principles and Rules of Business Conduct are established. These Principles and Rules of Business Conduct of the Group is a formal document which sets out the guiding principles and standards in which the Directors shall adhere to in conducting the day to day duties and operations.

In conjunction with the above, the Company has also disseminated 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, illegal act or failure to comply with regulatory requirements.

This whistleblowing policy and procedure is to provide an opportunity for concerns raised by employees, directors and others to be investigated and for appropriate action to be taken to ensure that the matter is resolved effectively wherever possible.

The Principles and Rules of Business Conduct and procedures of the whistleblowing Policy, in raising such genuine concerns to the established channels are set out in the Company's website at www.netx.com.my.

4. 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 Policies and Procedures are available on the Company's website at www.netx.com.my.

INTRODUCTION

The Board of Directors 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 on Risk Management and Internal Control for the financial year ended 30 June 2015. 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.

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.

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 and senior management that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects.

RISK MANAGEMENT FRAMEWORK

The Board recognises that effective risk management is critical for continuous profitability to enhance shareholders value and good corporate governance. Hence, a Risk Management Committee (“RMC”) has been setup and approved the Risk Management Framework (“RMF”) which had been reviewed by the Audit Committee on 24 November 2014.

The Executive Director with assistance of the management are continuously identifying, evaluating, managing and reporting on significant business risks on an ongoing basis. They have been entrusted to prepare actions plan to address the risk and control issues identified.

The Risk Management Policy of the Company is to be fully committed to effective risk management, adopting best practices in the identification, evaluation and control of risks, in order to:

- Integrate risk management into the culture of the Company;
- Eliminate or reduce risks to an acceptable level;
- Anticipate and respond to changing social, environmental and legislative requirements;
- Prevent injury and damage and reduce the cost of risk; and
- Raise awareness of the need for risk management.

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 Committee, Nominating and Remuneration Committee. These Committees report to the Board and provide relevant recommendations for Board's decision.

- An Audit Committee, of which the majority comprises Independent Non-Executive Directors, was maintained throughout the year. The Audit 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 Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system.

The Internal Auditor reports independently to the Audit Committee and internal audit plans are tabled to the Audit 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 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 2015 amounted to RM11,800.

CONCLUSION

The Board has obtained assurance from the executive management team that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Company.

There was no material control failure that would have any material adverse effect on the financial results of the Company for the year under review and up to the date of issuance of the financial statements.

The Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets. However, the Board is also cognisant of the fact that the Company'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 2015 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 cont

1. UTILISATION OF PROCEEDS

Private placement completed on 18 November 2013

The Company has raised cash proceeds of RM5.68 million from a private placement exercise which was completed on 18 November 2013. The summary of the utilisation of proceeds were as follows:-

Utilisasation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance as at 30 June 2015 (RM'000)	Timeframe of utilisation of proceeds
Working capital	3,380	3,309	71	Within 24 months
Future projects funding	2,200	1,500	700	Within 24 months
Estimated expenses	100	100	-	
Total	5,680	4,909	771	

2. SHARE BUY-BACK

During the financial period, the Company did not enter into any share buy-back transaction.

3. OPTIONS, WARRANTS OF CONVERTIBLE SECURITIES

During the financial year 2006, the Company issued 78,971,566 warrants, none of the warrant was exercised during the financial year 2011. The exercise rights of the warrants expired on 18 April 2011.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

5. SANCTIONS/PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

6. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 30 June 2015 was RM49,310.

7. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the company and/or its subsidiaries involving Directors' 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.

8. REVALUATION POLICY

The Company did not revalue any of its property, plant and equipment during financial period.

9. MATERIAL PROPERTY AS AT 30 JUNE 2015

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

Wisma Ariantec 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 as at 30-06-2015
Management Office	5 years	990 sq-metres	5,186,000

10. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial period.

11. VARIATION RESULTS

There were no significant variances noted between the reported results and the unaudited results announced.

12. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection for the financial period.

13. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

During the financial period, there was no RRPT of Revenue Nature.

14. 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. As part of our goal to give back to society, the Group continuous contribute toward charities, non-profit organization and make donations. 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 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.

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, 1965 in Malaysia and the Listing Requirements of Bursa Securities.

In the preparation of financial statements, the Directors consider:

- The Company has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgments 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

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

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 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year other than the new activity of sale and rental of Electronic Fund Transfer at Point of Sale ("EFTPOS") terminals as ventured by the Group during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(11,939,687)	(13,387,057)
Attributable to:		
Owners of the Company	(11,916,083)	(13,387,057)
Non-controlling interests	(23,604)	-
	(11,939,687)	(13,387,057)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2015.

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 has not issued any shares or 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.

DIRECTORS

The Directors in office since the date of the last report are:

Tengku Ahmad Badli Shah Bin Raja Hussin	(Appointed on 09.04.2015)
Tan Sik Eek	(Appointed on 21.04.2015)
Chu Chee Peng	(Appointed on 09.06.2015)
Yong Ket Inn	(Appointed on 09.06.2015)
Chong Loong Men	(Retired on 18.12.2014)
Lai Pai Lan	(Resigned on 06.04.2015)
Yahya Bin Razali	(Resigned on 01.06.2015)
Dato' Chang Lik Sean	(Resigned on 01.06.2015)

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Directors of the Company received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or receivable by Directors 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.

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 made out, 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 satisfied themselves that there are no known bad debts and allowance need not be made for doubtful debts; and

b) to ensure that any current assets which were unlikely to realise their value in the ordinary course of business 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 necessitate the writing off of bad debts or the allowance for doubtful debts; 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.

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 in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events occurring during the financial year are disclosed in Note 29 to the financial statements.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The significant events occurring after the financial year are disclosed in Note 30 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 27 October 2015.

....	....
TAN SIK EEK	**TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN**
Director	Director

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 9 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 32 on page 76, 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 27 October 2015.

....
TAN SIK EEK
Director

....
TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN
Director

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 34 to 76, 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)
TAN SIK EEK)
at Kuala Lumpur in the Federal Territory)
on on 27 October 2015.)

....
TAN SIK EEK
Director

Before me,

LEONG SEE KEONG
License No : **W494**
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of NetX Holdings Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 76.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements 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, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As stated in Note 7 to the financial statements, the carrying amount of the cash-generating unit, non-electronic payment services, inclusive of goodwill as of the year end exceeded its recoverable amount. Therefore, there was an impairment on the goodwill amount of RM9,761,353. The recoverable amount of the unit, being its value in use, was determined by the management based on the cash flow forecast and projections prepared. In this respect, key assumptions used in the said forecast and projections by their very nature depending on the economic situation and market volatility of products costs and products pricing. Accordingly, we are unable to ascertain whether the aforementioned cash flow forecast and projections would reasonably reflect future events and the set of economic condition that will exist and the resultant of further impairment loss on the carrying amount of goodwill, if any, that should be accounted for in the financial statements of the Group for the year ended 30 June 2015.

In view of the above, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill for non-electronic payment services with a net carrying amount of RM10,087,481 as to whether potential adjustment for further impairment loss is necessary in the financial statements of the Group for the year ended 30 June 2015.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Other than those subsidiaries with emphasis of matter paragraphs in the auditors' reports as disclosed in Note 6 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 32 on page 76 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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
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Chartered Accountant

Kuala Lumpur
27 October 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	5,701,046	5,581,554	-	-
Investment in subsidiaries	6	-	-	8,111,308	21,250,232
Goodwill on consolidation	7	10,780,355	19,848,834	-	-
Deferred tax assets	8	2,296,391	3,159,256	-	-
		18,777,792	28,589,644	8,111,308	21,250,232
CURRENT ASSETS					
Inventories	9	617,867	1,342,029	-	-
Trade receivables	10	868,505	1,236,000	-	-
Other receivables, deposits and prepayments	11	959,822	246,311	881,825	213,728
Amount owing by subsidiaries	12	-	-	3,931,727	4,134,386
Cash and bank balances		2,478,861	3,356,533	1,089,290	2,614,599
		4,925,055	6,180,873	5,902,842	6,962,713
TOTAL ASSETS		23,702,847	34,770,517	14,014,150	28,212,945
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	62,555,303	62,555,303	62,555,303	62,555,303
Reserves	14	(43,975,589)	(32,059,506)	(48,944,625)	(35,557,568)
Equity attributable to Owners of the Company		18,579,714	30,495,797	13,610,678	26,997,735
Non-controlling interest		(60,144)	25,376	-	-
TOTAL EQUITY		18,519,570	30,521,173	13,610,678	26,997,735
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	15	3,150,245	3,391,856	-	-
CURRENT LIABILITIES					
Trade payables	16	1,100,596	420,576	-	-
Other payables and accruals	17	629,762	160,836	403,472	60,890
Deferred income	18	41,763	-	-	-
Amount owing to a Director	19	2,823	-	-	-
Amount owing to subsidiaries	12	-	-	-	1,142,718
Tax payable		-	11,602	-	11,602
Borrowings	15	258,088	264,474	-	-
		2,033,032	857,488	403,472	1,215,210
TOTAL LIABILITIES		5,183,277	4,249,344	403,472	1,215,210
TOTAL EQUITY AND LIABILITIES		23,702,847	34,770,517	14,014,150	28,212,945

The accompanying 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 2015

		Group		Company	
	Note	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM	12 months ended 30.06.2015 RM	18 months ended 30.06.2014 RM
Revenue	21	3,580,660	5,170,920	-	-
Cost of sales		(3,576,495)	(7,057,668)	-	-
GROSS PROFIT/(LOSS)		4,165	(1,886,748)	-	-
Other income		116,279	816,818	1,048,198	47,987
Administrative expenses		(1,230,743)	(3,335,409)	(696,339)	(926,452)
Other operating expenses		(9,761,916)	(1,893,686)	(13,738,916)	(286,954)
OPERATING LOSS		(10,872,215)	(6,299,025)	(13,387,057)	(1,165,419)
Finance costs		(204,607)	(332,104)	-	-
LOSS BEFORE TAX	22	(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Tax (expenses)/income	23	(862,865)	788,641	-	31,778
LOSS FOR THE FINANCIAL YEAR/PERIOD		(11,939,687)	(5,842,488)	(13,387,057)	(1,133,641)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation differences		-	390,459	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR/PERIOD		(11,939,687)	(5,452,029)	(13,387,057)	(1,133,641)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(11,916,083)	(5,840,290)	(13,387,057)	(1,133,641)
Non-controlling interests		(23,604)	(2,198)	-	-
		(11,939,687)	(5,842,488)	(13,387,057)	(1,133,641)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:					
Owners of the Company		(11,916,083)	(5,449,831)	(13,387,057)	(1,133,641)
Non-controlling interests		(23,604)	(2,198)	-	-
		(11,939,687)	(5,452,029)	(13,387,057)	(1,133,641)
LOSS PER SHARE (SEN)					
- Basic	24	(1.90)	(0.99)		
- Diluted	24	N/A	N/A		

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

	Note	Non-Distributable Share Capital RM	Non-Distributable Share Premium RM	Non-Distributable Exchange Fluctuation Reserve RM	Distributable Accumulated Losses RM	Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
GROUP								
At 1 January 2013		56,875,303	2,685,410	(390,459)	(28,818,179)	30,352,075	27,574	30,379,649
Loss for the financial period		-	-	-	(5,840,290)	(5,840,290)	(2,198)	(5,842,488)
Other comprehensive income for the financial period								
- Foreign currency translation differences		-	-	390,459	-	390,459	-	390,459
Total comprehensive expenses for the financial period		-	-	390,459	(5,840,290)	(5,449,831)	(2,198)	(5,452,029)
Transactions with owners								
- Issuance of shares via private placement	13	5,680,000	-	-	-	5,680,000	-	5,680,000
- Expenses on issuance of private placement	14	-	(86,447)	-	-	(86,447)	-	(86,447)
Total transactions with owners		5,680,000	(86,447)	-	-	5,593,553	-	5,593,553
At 30 June 2014/1 July 2014		62,555,303	2,598,963	-	(34,658,469)	30,495,797	25,376	30,521,173
Total comprehensive expenses for the financial year		-	-	-	(11,916,083)	(11,916,083)	(23,604)	(11,939,687)
Transaction with owners								
- Acquisition of a subsidiary	6	-	-	-	-	-	(61,916)	(61,916)
At 30 June 2015		62,555,303	2,598,963	-	(46,574,552)	18,579,714	(60,144)	18,519,570

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

	Note	Non-Distributable Share Capital RM	Non-Distributable Share Premium RM	Distributable Accumulated Losses RM	Total RM
COMPANY					
At 1 January 2013		56,875,303	2,685,410	(37,022,890)	22,537,823
Loss for the financial period/ Total comprehensive expenses for the financial period		-	-	(1,133,641)	(1,133,641)
Transactions with owners:					
- Issuance of shares via private placement	13	5,680,000	-	-	5,680,000
- Expenses on issuance of private placement	14	-	(86,447)	-	(86,447)
At 30 June 2014/1 July 2014		62,555,303	2,598,963	(38,156,531)	26,997,735
Loss for the financial year/ Total comprehensive expenses for the financial year		-	-	(13,387,057)	(13,387,057)
At 30 June 2015		62,555,303	2,598,963	(51,543,588)	13,610,678

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 12 months ended 30.06.2015 RM	Group 18 months ended 30.06.2014 RM	Company 12 months ended 30.06.2015 RM	Company 18 months ended 30.06.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Adjustments for:					
Amortisation of deferred income	18	(12,299)	-	-	-
Impairment loss of:					
- trade receivable	10	-	7,000	-	-
- goodwill	7	9,761,353	281,103	-	-
- investment in subsidiaries	6	-	-	12,638,692	-
- amount owing by subsidiaries	12	-	-	-	286,954
Bad debt written off		-	502,038	-	-
Depreciation of property, plant and equipment	5	131,032	228,707	-	-
Loss on disposal of plant and equipment		-	18,604	-	-
Loss on disposal of subsidiaries		-	390,459	1,100,224	-
Gain on disposal of subsidiaries	6	(8)	-	-	-
Interest expense		204,607	332,104	-	-
Interest income		(42,467)	(56,134)	(37,669)	(47,987)
Deposits and prepayments written off		-	707,327	-	-
Plant and equipment written off	5	563	37,438	-	-
Waiver of debts by subsidiaries		-	-	(940,438)	-
Written down of inventories		-	1,143,209	-	-
Written off of inventories		84,466	262,998	-	-
Operating loss before working capital changes		(949,575)	(2,776,276)	(626,248)	(926,452)
Changes in working capital:					
Inventories		458,976	1,203,259	-	-
Trade receivables		367,875	(420,805)	-	-
Other receivables and prepayments		(708,249)	233,497	(668,097)	(205,205)
Amount owing by subsidiaries		-	-	1,233,797	(1,901,325)
Amount owing to subsidiaries		-	-	(1,233,418)	(12,040)
Amount owing to a Director		-	(21,863)	-	-
Trade payables		680,020	(1,050,484)	-	-
Other payables and accruals		19,169	(44,988)	42,582	16,488
Advance receipts for deferred income	18	9,427	-	-	-
Cash used in operation		(122,357)	(2,877,660)	(1,251,384)	(3,028,534)
Interest paid		(204,607)	(332,104)	-	-
Tax paid		(11,602)	(2,947)	(11,602)	-
Net cash used in operating activities		(338,566)	(3,212,711)	(1,262,986)	(3,028,534)

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

	Note	Group 12 months ended 30.06.2015 RM	Group 18 months ended 30.06.2014 RM	Company 12 months ended 30.06.2015 RM	Company 18 months ended 30.06.2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired	6	(285,359)	-	(300,000)	-
Proceeds from disposal of subsidiaries		8	-	8	-
Interest received		42,467	56,134	37,669	47,987
Proceeds from disposal of plant and equipment		-	110,249	-	-
Purchase of plant and equipment		(48,225)	(3,989)	-	-
Net cash (used in)/generated from investing activities		(291,109)	162,394	(262,323)	47,987
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits released as securities		-	1,223,626	-	-
Proceeds from issuance of share via private placement (net)		-	5,593,553	-	5,593,553
Repayments of hire purchase payables		-	(80,149)	-	-
Net movement on term loans		(247,997)	(365,656)	-	-
Net cash (used in)/generated from financing activities		(247,997)	6,371,374	-	5,593,553
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(877,672)	3,321,057	(1,525,309)	2,613,006
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/PERIOD		3,356,533	35,476	2,614,599	1,593
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/PERIOD		2,478,861	3,356,533	1,089,290	2,614,599
CASH AND CASH EQUIVALENTS COMPRISE:					
Cash and bank balances		2,478,861	3,356,533	1,089,290	2,614,599

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

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia.

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 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year other than the new activity of sale and rental of Electronic Fund Transfer at Point of Sale ("EFTPOS") terminals as ventured by the Group during the financial year.

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

Principal place of business :	Wisma Ariantec, 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 27 October 2015.

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, 1965 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 Amendments to MFRSs and IC Interpretations during the current financial year

MFRS (Including The Consequential Amendments)		Effective Date
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119 (2011)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle		1 July 2014

There is no material impact upon adoption of the above Amendments to MFRSs and IC Interpretations during the current financial year.

2. BASIS OF PREPARATION (cont'd)

2.2 Standards issued but not yet effective

The Company has not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

MFRS (Including The Consequential Amendments)		**Effective Date**
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	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
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments	1 January 2018

The above accounting standards (including the consequential amendments) is not expected to have any material impact on the Group's financial statements other than as follows:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs nit occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group is currently assessing the impact to the financial statements upon adopting MFRS 9, and intends to adopt MFRS 9 on the mandatory effective date.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Subsidiaries and Basis of Consolidation (cont'd)

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.

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:

	Rate % /year
Leasehold building	97 years
EFTPOS Terminals	8 years
Furniture and fittings	10
Motor vehicle	20
Office equipment	10 - 33
Renovation	10 - 20

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) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

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 realized 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 has 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) 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.

g) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Equity Instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Incremental costs directly attributable to the issue of instruments classified as equity are recognised as a deduction, net of tax from equity.

Dividend on ordinary shares are recognised as liabilities when approved for appropriation.

i) Leased assets

(a) Finance lease

Leases in terms of which the Group assumes 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.

(b) Operating lease

Leases, where the Group does 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 recognized 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.

j) 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) Operating lease income

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

(iii) 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.

(iv) Interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) 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. 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.

l) 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")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

m) 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 incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Foreign Currencies

(a) 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.

(b) 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 intragroup 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.

o) 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.

p) 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.

q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r) 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:

a) Estimated useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

b) Impairment of goodwill on consolidation

Goodwill is tested for impairment annually or more frequently when such indicators exist. This requires an estimation of the value-in-use ("VIU") of the cash-generating units ("CGUs") to which goodwill is allocated. When VIU calculations are undertaken, management must estimate the expected future cash flows from the assets/ CGU and choose a suitable discount rate to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are stated in Note 7.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowance to the extent that it is probable that taxable profit will be available against which tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Write down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

e) Impairment of trade receivables and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

f) Operating lease commitments – the Group as lessor

The Group has entered into leases on its EFTPOS terminals. The Group has determined that it retains all the significant risks and rewards of ownership of the terminals which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset and the ownership of the terminals will not be transferred to the lessee by the end of the lease term.

g) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Building RM	EFTPOS Vehicles RM	Office Equipment RM	Furniture and Fittings RM	Renovation RM	Total RM
Group						
At cost						
At 1 January 2014	5,453,030	-	171,828	123,308	427,020	6,175,186
Additions	-	-	12,225	-	36,000	48,225
Transferred from inventories (Note 9)		180,720	-	-	-	180,720
Acquisition of a subsidiary	-	-	10,150	10,370	5,190	25,710
Written off	-	-	-	(1,500)	-	(1,500)
At 30 June 2015	5,453,030	180,720	194,203	132,178	468,210	6,428,341
Accumulated depreciation						
At 1 July 2014	210,813	-	134,031	72,182	176,606	593,632
Charge for the financial year	56,217	-	23,501	12,333	38,981	131,032
Acquisition of a subsidiary	-	-	1,504	1,376	688	3,568
Written off	-	-	-	(937)	-	(937)
At 30 June 2015	267,030	-	159,036	84,954	216,275	727,295
Carrying amount						
At 30 June 2015	5,186,000	180,720	35,167	47,224	251,935	5,701,046
At cost						
At 1 January 2013	5,453,030	582,000	387,697	148,852	436,980	7,008,559
Additions	-	-	3,989	-	-	3,989
Disposals	-	(582,000)	-	(25,544)	-	(607,544)
Written off	-	-	(219,858)	-	(9,960)	(229,818)
At 30 June 2014	**5,453,030**	**-**	**171,828**	**123,308**	**427,020**	**6,175,186**
Accumulated depreciation						
At 1 January 2013	126,488	467,633	253,013	63,607	125,255	1,035,996
Charge for the financial period	84,325	-	65,839	19,632	58,911	228,707
Disposals	-	(467,633)	-	(11,057)	-	(478,690)
Written off	-	-	(184,821)	-	(7,560)	(192,381)
At 30 June 2014	**210,813**	**-**	**134,031**	**72,182**	**176,606**	**593,632**
Carrying amount						
At 30 June 2014	5,242,217	-	37,797	51,126	250,414	5,581,554

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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	
	2015 RM	2014 RM
Leasehold building	5,186,000	5,242,217

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares		
At cost	40,410,005	44,517,855
Acquisition of a subsidiary	600,000	-
Disposal of subsidiaries	(2,160,005)	(4,107,850)
	38,850,000	40,410,005
Accumulated impairment losses		
At beginning of the financial year/period	(19,159,773)	(23,267,623)
Disposal of subsidiaries	1,059,773	4,107,850
Impairment loss recognised during the financial year/period	(12,638,692)	-
At end of the financial year/period	(30,738,692)	(19,159,773)
	8,111,308	21,250,232

(a) The details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest 2015 %	Effective Interest 2014 %	Principal Activities
Direct subsidiaries			
Ariantec Sdn. Bhd. [1]	100	100	Provision of turnkey solutions on the network infrastructure, security management and sale and rental of EFTPOS terminals
Payallz Sdn. Bhd.(formerly known as Amazing Revenue Sdn. Bhd.) [2, 3]	60	-	Provision of Master Merchant and sub-contractors services
Ariantec Green Power Sdn. Bhd. [4]	-	100	Temporarily inactive
Ariantec Green R & D Sdn. Bhd. [4]	-	100	Temporarily inactive
Ariantec Systems Sdn. Bhd. [4]	-	100	Temporarily inactive

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Subsidiaries	Effective Interest 2015 %	2014 %	Principal Activities
Ariantec NOC Sdn. Bhd. [4]	-	100	Temporarily inactive
Global Soft International Sdn. Bhd. [4]	-	60	Temporarily inactive
Global Green Energy Sdn. Bhd. [4]	-	100	Temporarily inactive
Ariantec Consulting Sdn. Bhd. [4]	-	100	Dormant
Global Soft (PG) Sdn. Bhd.[4]	-	75	Temporarily inactive
Subsidiary of Ariantec Sdn. Bhd.			
Spammerspy Technologies International Sdn. Bhd.	100	100	Temporarily inactive

[1] The audited report of the subsidiary contain an emphasis of matter relating to the appropriateness of the going concern basis used in the preparation of its financial statements. The Company had confirmed to provide continued financial support to the subsidiary to continue its business without any significant curtailment of its operations.

[2] The statutory financial period end of Payallz Sdn. Bhd. (formerly known as Amazing Revenue Sdn. Bhd.), a newly acquired subsidiary was 28 February 2015 and it did not coincide with the Group. As permitted under Section 168 (1) (b) of the Companies Act, 1965 in Malaysia, the subsidiary is given two years period to coincide its financial year with the financial year of the holding company.

[3] Audited by firm other than ECOVIS AHL PLT. However, the audited financial statements of this subsidiary is not available for consolidation. The Directors have consolidated the results of this subsidiary based on its management financial statements as at 30 June 2015.

[4] During the financial year, the entire equity interests in these entities were being disposed. As at the date of this report, the legal transfer of the equity interest is in progress.

All the subsidiaries held by the Company at the end of the financial year are incorporated in Malaysia.

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group as at 30 June 2015.

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Acquisition of a subsidiary

On 24 April 2015, the Company had acquired a subsidiary, Payallz Sdn. Bhd. ("PSB") (formerly known as Amazing Revenue Sdn. Bhd.), with 60,000 ordinary shares of RM1 each for a consideration of RM600,000, representing in total of 60% equity interest. The subsidiary principally engaged in provision of Master Merchant and sub-contractors services. In the 3 months to 30 June 2015, the subsidiary contributed revenue of RM23,430 and profit of RM4,430. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been RM3,701,489 and consolidated loss for the financial year would have been RM11,851,931.

The fair value of the identified assets and liabilities of PSB as at the date of acquisition are as follow:-

	Note	At the date of acquisition RM
Property, plant and equipment	5	22,142
Trade receivables		380
Other receivables		5,262
Cash and bank balances		14,641
Other payables		(149,757)
Deferred income	18	(44,635)
Amount owing to a Director		(2,823)
Net identifiable liabilities		(154,790)
Non-controlling interest		61,916
Goodwill arising from acquisition		692,874
Cost of business combination/purchase consideration		600,000

Net cash outflow arising from acquisition of subsidiary	
Cost of business combination	(600,000)
Deferred payment	300,000
Cash and cash equivalent of subsidiary acquired	14,641
Consideration settle in cash	(285,359)

(c) Disposal of subsidiaries

On 30 June 2015, the Company had disposed of its entire equity interest in the following companies:-

Name	Equity interest %	Cash consideration RM
Ariantec Green Power Sdn. Bhd.	100	1
Ariantec Green R & D Sdn. Bhd.	100	1
Ariantec Systems Sdn. Bhd.	100	1
Ariantec NOC Sdn. Bhd.	100	1
Global Soft International Sdn. Bhd.	60	1
Global Green Energy Sdn. Bhd.	100	1
Ariantec Consulting Sdn. Bhd.	100	1
Global Soft (PG) Sdn. Bhd.	75	1

The disposal had the following financial effects to the Group as at the date of disposal are as follow:-

	At the date of disposal RM
Net assets disposed	-
Total disposal proceeds	8
Gain on disposal to the Group / Net cash inflow on disposal to the Group	8

7. GOODWILL ON CONSOLIDATION

	Group 2015 RM	Group 2014 RM
Cost		
At beginning and end of the financial year/period	26,784,937	26,784,937
Addition during the year/period	692,874	-
At end of the financial year/period	27,477,811	26,784,937
Accumulated impairment losses		
At beginning of the financial year/period	(6,936,103)	(6,655,000)
Impairment loss recognised during the financial year/period	(9,761,353)	(281,103)
At end of the financial year/period	(16,697,456)	(6,936,103)
Carrying amount at end of the financial year/period	10,780,355	19,848,834

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") (formerly known as Amazing Revenue Sdn. Bhd.). 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 use using discounted cash flow forecast and projections based on financial budgets approved by the management.

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

	Group 2015 RM	Group 2014 RM
Electronic payment services ("EPS")	692,874	-
Non-electronic payment services ("NEPS")	10,087,481	19,848,834
	10,780,355	19,848,834

During the financial year, the projected cash flows of NEPS have been revised downwards as it was affected by the continued challenging economic environment and the management's decision on the changes in the business plan. Therefore, an impairment loss was recognised to write-down the carrying amount of goodwill on consolidation attributable to NEPS due to carrying amount exceeded its recoverable amount. The impairment loss of RM9,761,353 (2014: RM281,103) has been recognised in the profit or loss.

The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on the management's future plan, which is the best estimate of future performance. The ability to achieve the business plan target is a key assumption in determining the recoverable amount for each CGU. These remain a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. In computing the value-in-use for each CGU, the management has applied a pre-tax discount rate of 7% (2014: 4.5%).

The key assumptions used in computing the value in use for each CGU are as follows:

	2015	2014
NEPS		
Growth rate	181% for year 2016 and thereafter 5% annually	500% for year 2016 and thereafter 10% annually
Gross profit margin	8%	10%

7. GOODWILL ON CONSOLIDATION (cont'd)

The key assumptions used in computing the value in use for each CGU are as follows:

NEPS (cont'd)

Sensitivity to changes in assumption

The following provides sensitives related to the significant estimates and assumptions as noted above:

- a 3% increase in discount rate would result in RM2.35 million increase in the impairment charges;
- a 3% decrease in gross profit margin would result in RM5.06 million increase in the impairment charges; and
- a 3% decrease in growth rate would result in RM0.92 million increase in the impairment charges.

	2015
EPS	
Growth rate	186% for year 2017, 30% for year 2018 and thereafter no growth
Gross profit margin	54% - 85%

With regards to the assessments of value-in use for EPS, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amount of the cash-generating unit to differ materially from its recoverable amount except for the sufficiency of the capital injection from the proceeds of rights issue as disclosed in Note 30.2 and the changes in prevailing operating environment which is not ascertainable.

8. DEFERRED TAX ASSETS

	Group	
	2015 RM	**2014 RM**
At beginning of financial year/period	(3,159,256)	(2,402,913)
Recognised in profit or loss (Note 23)	862,865	(756,343)
At end of financial year/period	(2,296,391)	(3,159,256)

The deferred tax assets at the end of the financial year/period are made up of the following:

	Group	
	2015 RM	**2014 RM**
Excess of capital allowance over corresponding depreciation of property, plant and equipment	87,635	8,521
Unabsorbed capital allowances	(205,362)	(129,186)
Unutilised tax losses	(9,450,569)	(13,042,905)
	(9,568,296)	(13,163,570)
Deferred tax assets at 24% (2014: 24%)	(2,296,391)	(3,159,256)

8. DEFERRED TAX ASSETS (cont'd)

Unrecognised deferred tax assets

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	8,812,995	6,029,255	5,573,008	6,023,633
Unabsorbed capital allowances	-	1,274,922	-	520
	8,812,995	7,304,177	5,573,008	6,024,153
Deferred tax assets at 24% (2014: 24%)	2,115,119	1,753,002	1,337,522	1,445,797

The unabsorbed capital allowances and 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 unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

9. INVENTORIES

	Group	
	2015 RM	2014 RM
At cost		
EFTPOS terminals	499,300	-
At net realisable value		
Computer parts	118,567	1,342,029
	617,867	1,342,029

During the financial year, inventories of the Group amounting RM180,720 (2014: Nil) 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.

10. TRADE RECEIVABLES

	Group	
	2015 RM	2014 RM
Trade receivables	868,505	1,739,686
Allowance for impairment losses	-	(503,686)
	868,505	1,236,000
Allowance for impairment losses:		
At 1 July / 1 January	503,686	8,616,024
Addition during the financial year/period	-	7,000
Allowance written off during the financial year/period	(503,686)	(8,119,338)
At 30 June	-	503,686

Trade receivables of the Group are non-interest bearing and are generally on 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.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	57,059	18,651	-	-
Deposits	12,772	12,772	-	-
Prepayments	889,991	214,888	881,825	213,728
	959,822	246,311	881,825	213,728

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Amount owing by subsidiaries		
At 1 July / 1 January	3,931,727	4,421,340
Allowance for impairment losses recognised during the financial year/period	-	(286,954)
At 30 June	3,931,727	4,134,386

	Company	
	2015 RM	2014 RM
Allowance for impairment losses:		
At 1 July / 1 January	286,954	-
Addition during the financial year/period	-	286,954
Allowance written off during the financial year/period	(286,954)	-
At 30 June	-	286,954
Amount owing to subsidiaries	-	(1,142,718)

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

13. SHARE CAPITAL

	Group/Company			
	2015		2015	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.10 each:				
Authorised				
At beginning and end of the financial year/period	700,000,000	70,000,000	700,000,000	70,000,000
Issued and fully paid				
At beginning of the financial year/period	625,553,033	62,555,303	568,753,033	56,875,303
Issuance of shares pursuant to the private placement	-	-	56,800,000	5,680,000
At the end of the financial year/period	625,553,033	62,555,303	625,553,033	62,555,303

14. RESERVES

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non- distributable					
Share premium	14a	2,598,963	2,598,963	2,598,963	2,598,963
Distributable					
Accumulated losses	14b	(46,574,552)	(34,658,469)	(51,543,588)	(38,156,531)
		(43,975,589)	(32,059,506)	(48,944,625)	(35,557,568)

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

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

Notes

14a Share premium represents premium from allotment of shares by the Company, net of listing expenses.

14b 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.

15. BORROWINGS

	Group 2015 RM	Group 2014 RM
Repayable within 12 months		
Term loan - secured	258,088	264,474
Repayable after 12 months		
Term loan - secured	3,150,245	3,391,856
Total borrowings	3,408,333	3,656,330

The interest rate of the term loan at the reporting date is 5.91% (2014: 5.32%) per annum.

The term loan of Group is secured by the following:

a. Joint and several guarantee by third parties;
b. 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.
c. A legal charge over the Company's fixed and floating charges over assets of the Company; and
d. Facilities Agreement.

Term loan is repayable in 168 monthly installments of RM37,717, effective from 9 December 2010.

16. TRADE PAYABLES

Trade payables of the Group are non-interest bearing and are generally on 60 to 150 (2014: 60 to 150) days terms.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	488,710	51,006	316,112	14,840
Accruals	136,052	109,830	87,360	46,050
Deposits received	5,000	-	-	-
	629,762	160,836	403,472	60,890

18. DEFERRED INCOME

	Group	
	2015 RM	2014 RM
Current portion	41,763	-

(a) Deferred income represents advance receipts from maintenance arrangement. These arrangements ranged from 1 months to 12 months (2014: Nil) 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.

(b) Movements of deferred income during the financial year/period are as follow:

	Group	
	2015 RM	2014 RM
Acquisition of subsidiary	44,635	-
Amortisation during the financial year/period	(12,299)	-
Advance receipts during the financial year/period	9,427	-
At end of financial year/period	41,763	-

19. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, non-interest bearing and repayable on demand.

20. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has entered into lease arrangements on EFTPOS equipment.

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

	Group	
	2015 RM	2014 RM
Not later the one year	72,496	-
Later than one year and not later than five years	105,314	-
	177,810	-

21. REVENUE

	Group 12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Rental of EFTPOS equipment	23,430	-
Sales of goods	3,557,230	5,170,920
	3,580,660	5,170,920

22. LOSS BEFORE TAX

Loss before tax is arrived at after charging:	Group 12 months ended 30.6.2015 RM	Group 18 months ended 30.6.2014 RM	Company 12 months ended 30.6.2015 RM	Company 18 months ended 30.6.2014 RM
Auditors' remuneration				
- current year provision	64,250	50,736	30,500	17,000
- under provision in prior period	6,000	-	6,000	-
Bad debts written off	-	502,038	-	-
Deposits and prepayments written off	-	707,327	-	-
Depreciation of property, plant and equipment	131,032	228,707	-	-
Impairment loss of:				
- trade receivables	-	7,000	-	-
- goodwill	9,761,353	281,103	-	-
- amount owing by subsidiaries	-	-	-	286,954
- investment in subsidiaries	-	-	12,638,692	-
Interest expense	204,607	332,104	-	-
Loss on disposal of plant and equipment	-	18,604	-	-
Loss on disposal of subsidiary	-	378,290	1,100,224	-
Realised loss on foreign exchange	-	6,324	-	-
Plant and equipment written off	563	37,438	-	-
Rental of equipment	13,872	21,964	-	-
Rental of premises	328	-	-	-
Staff and labour costs	555,485	1,478,674	408,041	439,768
Written down of inventories	-	1,143,209	-	-
Written off of inventories	84,466	262,998	-	-
and after crediting:				
Bad debts recovered	-	700,000	-	-
Fixed deposit interest income	-	8,147	-	-
Gain on disposal of subsidiaries	8	-	-	-
Management fee income	-	-	70,091	-
Repo interest income	42,467	47,987	37,669	47,987
Rental income	66,451	20,090	-	-
Waiver of debts by subsidiaries	-	-	940,438	-
Staff and labour costs comprise:				
Directors' remuneration	239,559	888,301	165,019	269,813
Salaries, wages, allowance, overtime and bonus	279,589	526,554	214,374	150,398
EPF	33,920	60,067	26,892	18,337
Socso	2,417	3,752	1,756	1,220
	555,485	1,478,674	408,041	439,768

22. LOSS BEFORE TAX (cont'd)

Loss before tax is arrived at after charging:	Group 12 months ended 30.6.2015 RM	Group 18 months ended 30.6.2014 RM	Company 12 months ended 30.6.2015 RM	Company 18 months ended 30.6.2014 RM
Directors' remuneration				
- fees	154,519	246,813	154,519	246,813
- salaries and other emoluments	76,500	579,260	10,500	23,000
- EPF	7,920	60,367	-	-
- Socso	620	1,861	-	-
	239,559	888,301	165,019	269,813

At the end of the financial year, the Group and the Company have 8 employees (2014: 10) and 6 (2014: 7) employees respectively.

The estimated monetary value of Directors' benefit-in-kind during the financial year is Nil (2014: RM148,750).

23. TAX EXPENSES/(INCOME)

	Group 12 months ended 30.6.2015 RM	Group 18 months ended 30.6.2014 RM	Company 12 months ended 30.6.2015 RM	Company 18 months ended 30.6.2014 RM
Current tax income				
- overprovision in prior financial period/year	-	(32,298)	-	(31,778)
	-	(32,298)	-	(31,778)
Deferred tax assets (Note 8)				
- current financial year/period	589,353	(852,448)	-	-
- effect on change in income tax rate	-	96,105	-	-
- overprovision in prior period/year	273,512	-	-	-
	862,865	(756,343)	-	-
Tax expenses/(income) for the financial year/period	862,865	(788,641)	-	(31,778)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the financial year.

23. TAX EXPENSES/(INCOME) (cont'd)

The numerical reconciliation between loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Loss before tax	(11,076,822)	(6,631,129)	(13,387,057)	(1,165,419)
Tax at statutory tax rate of 25% (2014: 25%)	(2,769,205)	(1,657,782)	(3,346,764)	(291,355)
Tax effects in respect of:				
Non-allowable expenses	2,729,709	651,493	3,472,597	183,824
Utilisation of deferred tax assets not recognised	(59,375)	-	(125,833)	-
Deferred tax assets not recognised during the financial year/period	688,224	153,841	-	107,531
Effect of changes in tax rates on opening balance of deferred tax	-	96,105	-	-
Overprovision in prior period/year	-	(32,298)	-	(31,778)
Overprovision of deferred tax asset in prior period/year	273,512	-	-	-
Tax expenses/(income) for the financial year/period	862,865	(788,641)	-	(31,778)

24. LOSS PER SHARE

Basic loss per ordinary share

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

	Group	
	2015 RM	2014 RM
Loss attributable to ordinary shareholders of the Company	(11,916,083)	(5,840,290)
Issued ordinary shares at beginning of the financial year/period	625,553,033	568,753,033
Effect of ordinary shares issued via private placement	-	23,406,593
Weighted average number of ordinary shares	625,553,033	592,159,626
Basic loss per ordinary share (sen)	(1.90)	(0.99)

Diluted loss per ordinary share

The diluted loss per share of the Group has not been presented as there are no dilutive potential ordinary share during the financial year.

25. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its Directors and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:

	Group		**Company**	
	12 months ended 30.6.2015 RM	**18 months ended 30.6.2014 RM**	**12 months ended 30.6.2015 RM**	**18 months ended 30.6.2014 RM**
Professional charges paid to a firm in which a Director of the Company has interest	-	135,000	-	-
Waiver of debts by the subsidiaries	-	-	940,438	-
Website maintenance fee paid to a firm which a family member of a Director has interest	-	-	9,667	-
Management fee income receivable from a subsidiary company	-	-	70,091	-

26. 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 payment services and non-payment services provided.

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

Electronic payment services : Involved in sale and rental of terminal.

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.

Group	**Electronic payment services RM**	**Non-electronic payment services RM**	**Total Services RM**
2015			
Revenue	23,430	3,557,230	3,580,660
Results			
Segment operating result	4,430	(1,231,571)	(1,227,141)
Impairment loss of goodwill			(9,761,353)
Other income			116,279
Finance cost			(204,607)
Loss before taxation			(11,076,822)
Taxation			(862,865)
Loss after taxation			(11,939,687)
Non-controlling interest			23,604
Loss attributable to owners of the Company			(11,916,083)

26. SEGMENTAL INFORMATION (cont'd)

a) Operating Segments (cont'd)

Group	Electronic payment services RM	Non-electronic payment services RM	Total Services RM
2015			
CONSOLIDATED STATEMENT OF FINANCIAL POSTION			
Segments assets #	721,447	9,904,654	10,626,101
Tax assets			2,296,391
Unallocated corporate assets			10,780,355
Total assets			23,702,847
Segments liabilities ^	871,807	903,137	1,774,944
Unallocated corporate liabilities			3,408,333
Total liabilities			5,183,277

Group	Electronic payment services RM	Non-electronic payment services RM	Total Services RM
2014			
Revenue	-	5,170,920	5,170,920
Results			
Segment operating result	-	(6,834,740)	(6,834,740)
Impairment loss of goodwill			(281,103)
Other income			816,818
Finance cost			(332,104)
Loss before taxation			(6,631,129)
Taxation			788,641
Loss after taxation			(5,842,488)
Non-controlling interest			2,198
Loss attributable to owners of the Company			(5,840,290)

26. SEGMENTAL INFORMATION (cont'd)

a) Operating Segments (cont'd)

Group	Electronic payment services RM	Non-electronic payment services RM	Total Services RM
2014			
CONSOLIDATED STATEMENT OF FINANCIAL POSTION			
Segments assets #	-	11,762,427	11,762,427
Tax assets			3,159,256
Unallocated corporate assets			19,848,834
Total assets			34,770,517
Segments liabilities ^	-	593,014	593,014
Unallocated corporate liabilities			3,656,330
Total liabilities			4,249,344

\# 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 (2) major customers, with revenue equal to or more than 10% of the Group's revenue, amounted to RM3,222,061 (2014: RM5,017,593) arising from the information technology services.

c) Other information

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

	Group 12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Bad debts written off	-	502,038
Deposits and prepayments written off	-	707,327
Depreciation of property, plant and equipment	131,032	228,707
Gain on disposal of subsidiaries	(8)	-
Impairment loss of:		
- trade receivables	-	7,000
- goodwill	9,761,353	281,103
Loss on disposal of plant and equipment	-	18,604
Loss on disposal of a subsidiary	-	378,290
Plant and equipment written off	563	37,438
Written down of inventories	-	1,143,209
Written off of inventories	84,466	262,998

27. FINANCIAL INSTRUMENTS

27.1 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Receivables and deposits (exclude prepayment)	938,336	1,267,423	-	-
Amount owing by subsidiaries	-	-	3,931,727	4,134,386
Cash and cash equivalents	2,478,861	3,356,533	1,089,290	2,614,599
	3,417,197	4,623,956	5,021,017	6,748,985

	Finance liabilities at amortised cost			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial liabilities				
Payables and accruals	1,730,358	581,412	403,472	60,890
Deferred income	41,763	-	-	-
Amount owing to a Director	2,823	-	-	-
Amount owing to subsidiaries	-	-	-	1,142,718
Borrowings	3,408,333	3,656,330	-	-
	5,183,277	4,237,742	403,472	1,203,608

27.2 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"). Foreign currency risk was monitored closely and managed to an acceptable level.

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

	USD RM	Total RM
Group		
2015		
Financial Liability		
Trade payables	(224,174)	(224,174)

	USD RM	Total RM
2014		
Financial Liability		
Trade payables	(224,174)	(224,174)

27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis

A 10% strengthening of the RM against the foreign currencies at the end of the reporting period would have decreased loss before tax by approximately RM22,417 (2014: RM22,417). 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 a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 27.2 (c)to the financial statements.

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

	Note	2015 RM	2014 RM
Group			
Floating rate instruments			
Term loan	15	(3,408,333)	(3,656,330)

Interest rate risk sensitivity analysis

A 100 basis points strengthening in the interest rate as at the end of the reporting period would have increased loss before tax by RM34,083 (2014: RM36,563). A 100 basis points weakening would have had an equal but opposite effect on the loss before tax. This assumes that all other variables remain constant.

(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 and the Company's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and bank balances), the Group and the Company 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 2 customers which constituted 100% of its trade receivables as at the end of the reporting period.

27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(b) Credit risk (cont'd)

(i) Receivables (cont'd)

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 Group does not have any exposure to international credit risk as its receivables are in Malaysia.

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
Group			
2015			
Not past due	355,518	-	355,518
Past due:			
- less than 3 months	312,999	-	312,999
- 3 to 6 months	199,988	-	199,988
	868,505	-	868,505

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
Group			
2014			
Past due:			
- 3 to 6 months	1,236,000	-	1,236,000
- over 6 months	503,686	(503,686)	-
	1,739,686	(503,686)	1,236,000

In the previous financial period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(ii) Inter-company balances

The Company provides unsecured loans and advances to 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.

27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Financial Risk Management Policies (cont'd)

(c) Liquidity risk (cont'd)

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 contractual undiscounted 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	Contractual Cash Flows RM	On Demand or within one year RM	One to five years RM	More than 5 years RM
Group					
Financial liabilities					
2015					
Trade payables	1,100,596	1,100,596	1,100,596	-	-
Other payables and accruals	629,762	629,762	629,762	-	-
Deferred income	41,763	41,763	41,763	-	-
Amount owing to a Director	2,823	2,823	2,823	-	-
Borrowings	3,408,333	4,520,924	452,604	1,810,416	2,257,904
	5,183,277	6,295,868	2,227,548	1,810,416	2,257,904
Financial liabilities					
2014					
Trade payables	420,576	420,576	420,576	-	-
Other payables	160,836	160,836	160,836	-	-
Borrowings	3,656,330	4,789,472	452,604	1,810,416	2,526,452
	4,237,742	5,370,884	1,034,016	1,810,416	2,526,452
Company					
Financial liabilities					
2015					
Other payables	403,472	403,472	403,472	-	-
2014					
Other payables	60,890	60,890	60,890	-	-
Amount owing to subsidiaries	1,142,718	1,142,718	1,142,718	-	-
	1,203,608	1,203,608	1,203,608	-	-

27.3 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.

27.4 Fair Value Hierarchy

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

28. 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.

	Group	
	2015 RM	**2014 RM**
Trade and other payables	1,730,358	581,412
Deferred income	41,763	-
Amount owing to a Director	2,823	-
Bank borrowings	3,408,333	3,656,330
Less: Cash and bank balances	(2,478,861)	(3,356,533)
Net debt	2,704,416	881,209
Total equity	18,519,570	30,521,173
Total net debt and equity	21,223,986	31,402,382
Debt to net debt and equity ratio	13%	3%

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

29.1 On 22 September 2014, a wholly owned subsidiary of the Company, Ariantec Sdn. Bhd. ("ASB") entered into a lease agreement with Springworks Mobile Payments Sdn. Bhd. ("SMP") as a lessor. ASB will lease to SMP the EFTPOS terminals and network equipment and peripherals for a period of 9 years, subject to the terms and conditions stipulated in the said agreement.

29.2 On 28 October 2014, NETX Holdings Berhad ("the Company") entered into a conditional Share Sale Agreement ("SSA") with Chen Chee Onn, Tan Chye Gay, Ooi Leng Chye and Chan Jet Ming (collectively referred to as "Vendors") to acquire from the Vendor 51,000 ordinary shares representing 51% of the issued and paid-up share capital of Springworks Sdn. Bhd. ("SSB") for a purchase consideration of RM16,000,000.SSB is also the only registered and beneficial owner of all the issued and paid-up share capital of Springworks Mobile Payments Sdn. Bhd. ("SMP") as at the date of the SSA.

The purchase consideration of RM16,000,000 is to be satisfied entirely via the issuance of the Company's 160,000,000 shares at an issue price of RM0.10 each.

Upon the execution of the SSA, the Vendors will be providing a profit guarantee to the Company for the fifteen (15) months period ending 30 June 2015 and financial year ending 30 June 2016 which shall not be less than RM7,000,000 on an accumulative basis.

The SSA is conditional upon the fulfilment of the conditions precedent as set out in the SSA within 180 days from the date of the SSA or such other date as may be mutually agreed between the Company and the Vendors.

Upon the completion of the acquisition, SSB will become a 51% owned subsidiary of the Company.

However, the SSA has been mutually terminated by the parties involved as disclosed in Note 29.4 to the financial statements.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

29.3 On 28 October 2014, the Company announced to undertake the following:

(i) Proposed renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NETX ("NETX Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NETX Share held, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Proposed Rights Issue of Shares with Warrants");

(ii) Proposed acquisition of 51% equity interest in Springworks Sdn Bhd ("SSB") comprising 51,000 ordinary shares of RM1.00 each in Springworks, for a purchase consideration of RM16,000,000 to be satisfied via the issuance of 160,000,000 NETX Shares at an issue price RM0.10 per Share ("Proposed Acquisition");

(iii) Proposed establishment of a share issuance scheme of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the scheme ("Proposed SIS"), for the Directors and employees of NETX and its subsidiaries ("NETX Group" or "Group") (excluding dormant subsidiaries) who fulfil the eligibility criteria as set out in the announcement; and

(iv) Proposed increase in the authorised share capital of NETX from RM70,000,000 comprising 700,000,000 NETX Shares to RM300,000,000 comprising 3,000,000,000 NETX Shares ("Proposed Increase in Authorised Share Capital").

(collectively, (i) to (iv) are referred to as the "Proposals")

The Proposals are subject to and conditional upon approvals being obtained from the shareholders and relevant authorities.

The Proposed Rights Issue of Shares with Warrants are not inter-conditional with the Proposed Acquisition and/ or Proposed SIS.

The Proposed Increase in Authorised Share Capital are inter-conditional upon the Proposed Rights Issue of Shares with Warrants, Proposed Acquisition and Proposed SIS but not vice versa.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by NETX.

29.4 As announced by the Company on 16 February 2015, the SSA entered into between the Company and the vendor dated 28 October 2014 for the Proposed Acquisition has been mutually terminated due to some changes and an adverse business environment faced by SSB.

However, the Company intends to proceed with the Proposed Rights Issue of Shares with Warrants, Proposed SIS and Proposed increase in Authorised Share Capital with some revisions, which the details will be announced later (Note 29.6).

29.5 29.5On 24 April 2015, the Company entered into share sale agreement with Neurogine Sdn. Bhd. for the acquisition of 60,000 ordinary share of RM1.00 each in Payallz Sdn. Bhd. (formerly known as Amazing Revenue Sdn. Bhd.) ("PSB"), representing 60% equity stake in PSB, for a cash consideration of RM600,000.

29.6 On 28 April 2015, the Company announced to undertake the following:

(i) Proposed renounceable rights issue of up to 625,553,033 new ordinary shares of RM0.10 each in NETX ("NETX Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NETX Share held, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue of Shares with Warrants");

(ii) Proposed establishment of a share issuance scheme ("SIS") of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the SIS for the eligible employees of NETX and its subsidiaries ("NETX Group" or "Group") (excluding dormant subsidiaries)("Proposed SIS"); and

(iii) Proposed increase in the authorised share capital of NETX from RM70,000,000 comprising 700,000,000 NETX Shares to RM500,000,000 comprising 5,000,000,000 NETX Shares ("Proposed Increase in Authorised Share Capital").

(collectively, (i) to (iiii) are referred to as the "Proposals")

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

29.7 On 30 June 2015, the Company entered into a Sale and Purchase agreement with Regular Accomplishment Sdn. Bhd. for the disposal of NETX's entire equity stake of the following inactive subsidiaries companies:-

Name of companies	Equity interest %	Consideration RM
Ariantec Green Power Sdn. Bhd.	100	1
Ariantec Green R & D Sdn. Bhd.	100	1
Ariantec System Sdn. Bhd.	100	1
Ariantec Consulting Sdn. Bhd.	100	1
Ariantec NOC Sdn. Bhd.	100	1
Global Green Energy Sdn. Bhd.	100	1
Global Soft (PG) Sdn. Bhd.	75	1
Global Soft International Sdn. Bhd.	60	1
		8

30. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

30.1 On 28 August 2015, the Company announced that Bursa Securities approved for the following:

(i) admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;

(ii) listing of up to 625,553,033 Rights Issue to be issued pursuant to the exercise of the Warrants;

(iii) listing of up to 625,553,033 new NetX Shares to be issued pursuant to the exercise of the Warrants;

(iv) listing of such number of new NetX Shares representing up to 30% of the total issued and paid-up share capital of NetX (excluding treasury shares, if any) during the duration of he SIS to be issued and allotted pursuant to the Proposed SIS.

The approval by Bursa Securities for the above Proposed SIS is subject to the following condition:

(i) TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the SIS pursuant to Rule 6.44 of the Listing Requirement and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting;

(ii) NetX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS Shares listed as at the end of each quarter together with a detailed computation of listing fees payables.

The approval by Bursa Securities for the Proposed Rights Issue of Shares with Warrants is subject to the following conditions:

(i) NetX and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue of Shares with Warrants;

(ii) NetX and TA Securities to furnish Bursa Securities upon the completion of the Proposed Rights Issue of Shares with Warrants;

(iii) NetX to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities approval once the Proposal Rights Issue of Shares with Warrants is completed;

(iv) NetX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payables.

NetX is required to ensure full compliance with all the requirements pertaining to the Proposed Rights Issue of Shares with Warrants and Proposed SIS as provided under the Listing Requirements at all times.

30. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

30.2 On behalf of the Board of Directors of the Company, TA Securities had on 13 October 2015 announced that the Company proposed to reduce the par value of the issued and paid-up share capital of NetX as part of the proposals to be carried out. As such, the earlier proposals as announced on 28 April 2015 will be revised as follows:

(i) proposed reduction of the issued and paid-up share capital of NetX via the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in NetX to RM0.05 each in NetX ("NetX Shares" or "Shares") pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");

(ii) proposed renounceable rights issue of up to 625,553,033 new NetX Shares ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing NetX Share held after the Proposed Par Value Reduction, together with up to 625,553,033 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue of Shares with Warrants");

(iii) Proposed SIS; and

(iv) proposed increase in the authorised share capital of NetX from RM70,000,000 comprising 700,000,000 ordinary shares of RM0.10 each in NetX to RM250,000,000 comprising 5,000,000,000 NetX Shares ("Proposed Increase in Authorised Share Capital").

31. COMPARATIVES

The financial statements for the financial period ended 30 June 2014 covered a period of 18 months from 1 January 2013 to 30 June 2014 due to the change in financial year end. Accordingly, the comparatives for the statement of profit or loss and other comprehensive income, statement of cash flows and the related notes are not comparable.

Certain comparative amounts have been reclassified to conform with current year's presentation.

32. 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	
	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM	12 months ended 30.6.2015 RM	18 months ended 30.6.2014 RM
Total accumulated losses				
- realised	(48,870,943)	(37,817,725)	(51,543,588)	(38,156,531)
- unrealised	2,296,391	3,159,256	-	-
Accumulated losses as per financial statements	(46,574,552)	(34,658,469)	(51,543,588)	(38,156,531)

Authorised Capital	RM70,000,000
Issued & Fully Paid up Capital	RM62,555,303.30
Class of Shares	Ordinary shares of RM0.10 each
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	65	1.61	3,202	0.00
100 – 1,000	176	4.37	91,792	0.01
1,001 – 10,000	881	21.86	5,920,814	0.95
10,001 – 100,000	2,069	51.34	102,297,400	16.35
100,001 to less than 5% of issued shares	837	20.77	388,694,075	62.14
5% and above of issued shares	2	0.005	128,545,750	20.55
Total	4,030	100.00	625,553,033	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 8 OCTOBER 2015

No.	Shareholders	Direct Interest No. of Shares Held	Direct Interest %	Indirect Interest No. of Shares Held	Indirect Interest %
1	Metronic Global Berhad	72,545,750	11.60	-	-
2	Asiabio Capital Sdn. Bhd.	56,000,000	8.95		
3	Asia Bioenergy Technologies Berhad			56,000,000	8.95 [(1)]

Notes:

1. Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Asiabio Capital Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 8 OCTOBER 2015

No.	Directors	Direct Interest No. of Shares Held	Direct Interest %	Indirect Interest No. of Shares Held	Indirect Interest %
1	Tan Sik Eek	-	-	-	-
2	Chu Chee Peng	-		-	-
3	Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
4	Yong Ket Inn	-	-	-	-

LIST OF TOP 30 SHAREHOLDERS

	Name	No. of Shares held	Percentage %
1	METRONIC GLOBAL BERHAD	72,545,750	11.60
2	ASIABIO CAPITAL SDN BHD	56,000,000	8.95
3	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR KGI ASIA LTD*	16,447,300	2.63
4	TAN HOCK HUAT	13,000,000	2.08
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHUNG KIN CHUAN*	7,701,000	1.23
6	LEE KIM SOON	7,050,600	1.13
7	CHOO KENG KIT	6,915,200	1.11
8	MAH KOK FOON	6,250,000	1.00
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YU MING HUI*	5,000,000	0.80
10	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	4,615,000	0.74
11	HENG YONG KANG @ WANG YONG KANG	4,000,000	0.64
12	CHING MEE NGUK	3,300,000	0.53
13	TYE SOK CIN	3,274,400	0.52
14	MOHD ZAKI BIN ISMAIL	3,000,000	0.48
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN KWEE ENG*	3,000,000	0.48
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD*	2,771,000	0.44
17	LEONG CHEE KEE	2,500,000	0.40
18	LIM TZE WIN	2,500,000	0.40
19	THAM PEI YEE	2,400,000	0.38
20	LIM YONG HUA	2,260,000	0.36
21	SUNG WING HONG @ SOONG WING HONG	2,230,000	0.36
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM ENG CHUAN*	2,160,000	0.35
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG YEW BENG*	2,000,000	0.32
24	YEAP SI KEONG	2,000,000	0.32
25	VOO SUK CHING	2,000,000	0.32
26	LIM POH FONG	1,907,700	0.30
27	CINDY	1,820,000	0.29
28	TAN SEE SEE	1,750,000	0.28
29	KANG JACKSON	1,556,500	0.25
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR CHAN SAI KIM*	1,500,200	0.24
	TOTAL	**243,454,650**	**38.92**

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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 Thursday, 10 December 2015 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 2015 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of directors' fee.	**1**
3. To re-elect the following Directors retiring in accordance to Article 110 of the Company's Articles of Association with Company's Articles of Association:	
i. Tengku Ahmad Badli Shah Bin Raja Hussin	**2**
ii. Tan Sik Eek	**3**
iii. Chu Chee Peng	**4**
iv. Yong Ket Inn	**5**
4. To appoint Auditors and to authorise the Directors to fix their remuneration.	**6**
5. As Special Business to consider and if thought fit, to pass the following resolution, with or without modifications:	
ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."	**7**
6. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.	

BY ORDER OF THE BOARD

SEOW FEI SAN
LAW MEE POO
Secretaries

Petaling Jaya
17 November 2015

Notes:-

(i) Only depositors whose names appear in the Record of Depositors as at 4 December 2015 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. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. 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 the 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 7

The proposed Ordinary Resolution 7, 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, if granted by the shareholders, 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 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 Thirteenth Annual General Meeting held on 18 December 2014 and the said authority will lapse at the conclusion of the Fourteenth Annual General Meeting.

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

FORM OF PROXY

No. of shares held

I/We, ____(BLOCK LETTERS)

NRIC No./Company No. ____

____

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. ____________________	1. ____________________
2. ____________________	2. ____________________
or failing him/her,	
1. ____________________	1. ____________________
2. ____________________	2. ____________________

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana on Thursday, 10 December 2015 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		

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 ....……..., 2015

____
Signature / Seal of Member

NOTES :

(i) Only depositors whose names appear in the Record of Depositors as at 4 December 2015 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. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. 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 the 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
(Company No. 533441-W)

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

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NETX HOLDINGS BERHAD

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