

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

The Board of Directors of XOX Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 September 2022 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 (“**FYE 2022**”) and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter Ended		Year Ended	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		RM'000	RM'000	RM'000	RM'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	A8	17,364	15,092	33,744	30,207
Cost of sales		<u>(12,532)</u>	<u>(12,202)</u>	<u>(24,340)</u>	<u>(23,571)</u>
Gross profit		4,832	2,890	9,404	6,636
Other income		300	231	721	489
Administrative expenses		(2,227)	(6,977)	(5,258)	(10,922)
Selling and distribution expenses		<u>(29)</u>	<u>(15)</u>	<u>(32)</u>	<u>(86)</u>
Profit/(Loss) from operations		2,876	(3,871)	4,835	(3,883)
Finance costs		<u>(14)</u>	<u>(41)</u>	<u>(43)</u>	<u>(77)</u>
Profit/(Loss) before tax	B14	2,862	(3,912)	4,792	(3,960)
Tax expenses	B7	<u>(537)</u>	<u>(434)</u>	<u>(1,044)</u>	<u>(1,149)</u>
Profit/(Loss) for the financial year		<u>2,325</u>	<u>(4,346)</u>	<u>3,748</u>	<u>(5,109)</u>
Other comprehensive loss:-					
Item that will be subsequently to profit or loss					
Foreign currency translation differences		<u>(2,203)</u>	<u>(2,038)</u>	<u>(4,029)</u>	<u>(3,028)</u>
Other comprehensive loss for the financial year		<u>(2,203)</u>	<u>(2,038)</u>	<u>(4,029)</u>	<u>(3,028)</u>
Total comprehensive profit/(loss) for the financial year		<u>122</u>	<u>(6,384)</u>	<u>(281)</u>	<u>(8,137)</u>
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company		2,331	(4,796)	2,619	(5,927)
- Non-controlling interests		<u>(6)</u>	<u>450</u>	<u>1,129</u>	<u>818</u>
		<u>2,325</u>	<u>(4,346)</u>	<u>3,748</u>	<u>(5,109)</u>
Total comprehensive profit/(loss) attributable to:					
- Owners of the Company		1,189	(6,127)	(161)	(7,950)
- Non-controlling interests		<u>(1,067)</u>	<u>(257)</u>	<u>(120)</u>	<u>(187)</u>
		<u>122</u>	<u>(6,384)</u>	<u>(281)</u>	<u>(8,137)</u>
Profits/(Losses) per share attributable to the owner of the company					
Basic/Diluted (sen)	B13	<u>0.26</u>	<u>(0.54)</u>	<u>0.29</u>	<u>(0.70)</u>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 30.09.2022 RM'000 (unaudited)	As At 31.03.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant & equipment		3,984	4,305
Intangible assets		420	667
Right-of-use assets		693	1,018
Trade and other receivables		39	74
Deferred tax assets		94	106
		<u>5,230</u>	<u>6,170</u>
Current assets			
Inventories		595	596
Trade and other receivables		30,436	26,213
Tax recoverable		5,602	4,329
Deposit with licensed bank, cash and bank balance		12,674	20,366
		<u>49,307</u>	<u>51,504</u>
TOTAL ASSETS		<u>54,537</u>	<u>57,674</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		82,054	82,054
Treasury shares		(566)	(566)
Other reserves		(11,908)	(9,127)
Accumulated losses		(48,996)	(51,036)
		<u>20,584</u>	<u>21,325</u>
Non-controlling interest		9,369	9,584
Total equity		<u>29,953</u>	<u>30,909</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		249	441
Provision for retirement benefit obligation		12	11
		<u>261</u>	<u>452</u>
Current liabilities			
Trade and other payables		23,944	25,810
Amount owing to Director		*	*
Bank borrowings	B10	36	71
Lease liabilities		343	432
		<u>24,323</u>	<u>26,313</u>
Total liabilities		<u>24,584</u>	<u>26,765</u>
TOTAL EQUITY AND LIABILITIES		<u>54,537</u>	<u>57,674</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)		<u>3.35</u>	<u>3.46</u>

*Less than RM1,000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable			→ Distributable				
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Share Option Reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
As at 1 April 2022	82,054	(566)	(9,128)	-	(51,036)	21,324	9,585	30,909
Transaction with owners:								
Net (loss)/profit for the financial year	-	-	-	-	2,619	2,619	1,129	3,748
Other comprehensive loss for the financial year	-	-	(2,781)	-	(579)	(3,360)	(920)	(4,280)
Total comprehensive loss for the financial year	-	-	(2,781)	-	2,040	(741)	209	(532)
Transaction with owners:								
Dividend on non-controlling interest	-	-	-	-	-	-	(424)	(424)
Total transactions with owners	-	-	-	-	-	-	(424)	(424)
As at 30 September 2022	82,054	(566)	(11,909)	-	(48,996)	20,583	9,370	29,953
As at 1 April 2021	72,693	(566)	(5,881)	-	(45,366)	20,880	8,752	29,632
Net (loss)/profit for the financial year	-	-	-	-	(5,670)	(5,670)	3,257	(2,413)
Other comprehensive loss for the financial year	-	-	(3,247)	-	-	(3,247)	(1,785)	(5,032)
Total comprehensive loss for the financial year	-	-	(3,247)	-	(5,670)	(8,917)	1,472	(7,445)
Transaction with owners:								
Issuance of ordinary shares pursuant to:								
- Share option granted under ESOS	-	-	-	795	-	795	-	795
- Exercise of ESOS	9,361	-	-	(795)	-	8,566	-	8,566
Dividend on non-controlling interests	-	-	-	-	-	-	(639)	(639)
Total transactions with owners	9,361	-	-	-	-	9,361	(639)	8,722
As at 31 March 2022	82,054	(566)	(9,128)	-	(51,036)	21,324	9,585	30,909

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	30.09.2022 RM'000 (unaudited)	31.03.2022 RM'000 (audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	4,793	(262)
Adjustment for:-		
Amortisation of intangible assets	446	995
Amortisation of right-of-use asset	178	728
Depreciation of property, plant and equipment	626	1,457
Dividend income	-	273
Gain on disposal of property, plant and equipment	-	(209)
Interest expense	48	123
Interest income	(1)	(543)
Impairment losses on trade receivables	346	384
Inventories written down	-	97
Inventories written off	-	275
Reversal of impairment losses on trade receivables	-	(1)
Provision for retirement benefit obligation	-	2
Share-based payments	-	795
Intangible asset written off	-	96
Property, plant and equipment written off	110	654
Righ of use asset written off	115	-
Unrealised gain on foreign exchange	-	(369)
Operating profit before working capital changes	<u>6,661</u>	<u>4,495</u>
Changes in working capital:-		
Inventories	2	(171)
Payables	(1,867)	5,895
Receivables	(4,533)	(845)
Cash generated from operations	263	9,374
Interest received	-	543
Tax paid	(2,317)	(4,244)
Net cash (used in)/generated from operating activities	<u>(2,054)</u>	<u>5,673</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of:		
- Property, plant and equipment	(584)	(2,288)
- Intangible assets	(237)	(512)
Interest received	1	-
Proceed on disposal of property, plant and equipment	-	374
Net cash used in investing activities	<u>(820)</u>	<u>(2,426)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	-	8,566
Interest paid	(48)	(123)
Dividend paid by subsidiaries to non-controlling interests	(424)	(639)
Repayment of bank borrowing	(35)	(76)
Repayment of lease liabilities	(281)	(757)
Net cash (used in)/generated from financing activities	<u>(788)</u>	<u>6,971</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,662)	10,218
Effects of changes in foreign exchange rate	(4,030)	(4,462)
Cash and cash equivalents at the beginning of the year	20,366	14,610
Cash and cash equivalents at the end of the year	<u>12,674</u>	<u>20,366</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposit with licensed bank, cash and bank balance	<u>12,674</u>	<u>20,366</u>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the reporting requirements outlined in MFRS 134 – Interim Financial Reporting, the International Accounting Standard 34 Interim Financial Reporting and rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The Condensed Report should be read in conjunction with the audited financial statements for the FYE 2022 and the accompanying explanatory notes attached to this Condensed Report.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since FYE 2022.

The accounting policies and methods of computation used in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the FYE 2022 except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 January 2022.

MFRS effective for financial periods beginning on or after 1 January 2022

Amendment to MFRS 1	<i>First time Adoption of Malaysian Financial Reporting Standards -Annual Improvements to MFRS Standards 2018-2020</i>
Amendment to MFRS 3	<i>Business Combinations- Reference to the Conceptual Framework</i>
Amendment to MFRS 9	<i>Financial Instruments - Annual Improvements to MFRS Standards 2018-2020</i>
Amendment to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assts – Onerous Contract – Cost of Fulfilling a Contract</i>
Amendment to MFRS 141	<i>Agriculture (Annual Improvements to MFRs 2018 – 2020 Cycle)</i>

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

MFRSs Interpretations and amendments effective for financial periods beginning on or after 1 January 2023

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendment to MFRS 101	<i>Presentation of Financial Statements - Classification of liabilities as current or non-current</i>
Amendment to MFRS 108	<i>Definition of Accounting Estimates</i>
Amendment to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

A2. Auditors' Report on the Preceding Annual Financial Statements

There were no audit qualifications in relation to the audited consolidated financial statements of the Group for the FYE 2022.

A3. Seasonal or Cyclical Factors of Interim Operations

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current financial quarter and period.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current financial quarter and period.

A5. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial period, which may have a material effect in the current financial quarter and period results.

A6. Issues, Repurchases, and Repayments of Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter and year.

A7. Dividends Paid

There were no dividends declared and paid for the current financial quarter.

A8. Segmental Information

Segmental information is presented in respect of the Group's geographical segments.

Geographical segments

The business segment is managed in few principal locations namely Malaysia, Thailand, Pakistan and other countries. In presenting information on the basis of geographical segments. Segmental revenue is presented based on the geographical location of customers.

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A8. Segmental Information (Cont'd)

Geographical segments (Cont'd)

The geographical segmental information on the Group is as follows:-

<u>6 months ended</u> <u>30 September 2022</u>	Malaysia RM'000	Pakistan RM'000	Dubai RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	9,340	23,324	2,149	1,428	(1,187)	35,054
Segment results	1,477	3,389	130	323	(482)	4,837
Interest income/(expense)	(7)	(24)	(12)	-	-	(43)
Profit/(loss) before taxation	1,470	3,365	118	323	(482)	4,794
Segment assets	13,837	33,650	5,998	21,643	(20,592)	54,536
Segment liabilities	32,433	15,362	3,087	53,856	(80,155)	24,583

<u>6 months ended</u> <u>30 September 2021</u>	Malaysia RM'000	Pakistan RM'000	Dubai RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	9,000	19,186	3,455	338	(1,284)	30,695
Segment results	(3,125)	3,061	171	(1,080)	(2,910)	(3,883)
Interest income/(expenses)	(36)	(30)	(11)	-	-	(77)
Profit/(loss) before taxation	(3,161)	3,031	160	(1,080)	(2,910)	(3,960)
Segments assets	19,621	33,243	4,151	25,011	(30,701)	51,325
Segment liabilities	32,311	11,869	1,755	57,443	(82,193)	21,185

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current financial quarter and period.

A10. Events after the End of the Quarter

There were no material events took place between the current quarter to the seventh day before the date of issuing this report.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A12. Contingent Assets or Changes on Contingent Liabilities

There were no contingent assets or contingent liabilities as at 30 September 2022.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

A13. Significant Related Party Transaction

	Current Quarter Ended 30.09.2022 RM'000	Cumulative Year Ended 30.09.2022 RM'000
Sales to related parties	1,150	1,154
Purchase from a related party	42	88

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

A14. Fair Value Measurement

The financial assets maturing within the next 12 months reasonably approximate their fair values due to the relatively short-term maturity of the financial instruments.

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Group	As at 30.09.2022 RM'000 (unaudited)	As at 31.03.2022 RM'000 (audited)
<u>Level 2</u>		
Term loan	36	71
Lease liabilities	592	874
	<u>628</u>	<u>945</u>

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 1 and Level 3 as at 30 September 2022.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA
SECURITIES FOR THE ACE MARKET**

B1. Review of Performance

Statement of Profit & Loss and Other Comprehensive Income

Group Result	Quarter Ended			Cumulative Quarter Ended		
	30.09.2022 RM'000 (unaudited)	30.09.2021 RM'000 (unaudited)	Changes (%)	30.09.2022 RM'000 (unaudited)	30.09.2021 RM'000 (unaudited)	Changes (%)
Mobile Solutions and Trading						
Revenue	14,808	13,924	6%	31,021	28,892	7%
Profit before tax	1,612	889	>100%	4,404	1,175	>100%
Cloud Service Solutions						
Revenue	2,558	1,298	97%	2,727	1,531	78%
Loss before tax	1,119	(1,891)	>100%	225	(2,225)	>100%
Elimination						
Revenue	(2)	(141)	-99%	(4)	(217)	-98%
Profit before tax	131	-	>100%	164	-	>100%
Total						
Revenue	17,364	15,081	15%	33,744	30,206	12%
Gross profit	4,831	2,889	67%	9,404	6,635	42%
Profit/(Loss) before tax	2,863	(1,002)	>100%	4,793	(3,961)	>100%
Profit/(Loss) after tax	2,326	(4,347)	>100%	3,749	(5,110)	>100%

The Group registered revenue of RM17.4 million in this quarter ended 30 September 2022 mainly contributed by mobile solution and trading segment amounted to RM14.9 million. The increased of revenue was mainly contributed by Pakistan due to banks increase their promotional broadcast and therefore boost the transaction traffics and revenue for this quarter. For Cloud Service Solutions segments contributed RM2.6 million in this quarter and revenue increased compare to last quarter due to the demand from the market started picking up.

The Group recorded profit before tax of RM2.9 million for this quarter ended 30 September 2022 mainly attributable by mobile solution and trading segment profit before tax of RM1.6 million and cloud services segment profit before tax of RM1.1 million.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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B2. Material Changes in Financial Performance for the Quarter Compared with Immediate Preceding Quarter

Group Result	Quarter Ended		Changes	
	30.09.2022 RM'000 (unaudited)	30.06.2022 RM'000 (unaudited)	RM'000	(%)
Mobile Solutions and Trading				
Revenue	14,808	16,213	(1,405)	9%
Profit before tax	1,612	2,792	(1,180)	-42%
Cloud Service Solutions				
Revenue	2,558	169	2,389	>100%
Profit before tax	1,119	(894)	2,013	>100%
Elimination				
Revenue	(2)	(2)	-	0%
(Loss)/Profit before tax	131	33	98	>100%
Total				
Revenue	17,364	16,380	984	-6%
Gross profit	4,831	4,573	258	-6%
Profit before tax	2,863	1,930	933	48%
Profit after tax	2,326	1,423	903	48%

The Group recorded an increase in revenue by RM1.0 million to RM17.4 million in current financial quarter ended compared to immediate preceding quarter of RM16.4 million.

The Group recorded a profit before tax of RM2.9 million in current financial quarter compared to immediate preceding quarter at profit of RM1.9 million.

B3. Commentary on Prospects

The Group's key financial driver would remain with the mobile solutions segments for the foreseeable future. The Group continues to work on further penetration into the existing industries namely banking and financial institutions, healthcare, insurance and retail to increase our market share. The demand for SMS services for marketing and notification is expected to increase with businesses such as retail, travel, transportation, hotel, retail stores adopting transactional SMS to update the consumers or users on the order status or shipping updates. We are continuing developed new products as well as service enhancement and upgrades to cater more specific customer needs.

As Malaysia's government had announced on the economy recovery phase plan, the Group also seen an increase in enquiries from businesses for its i3Display, high-definition touch screen terminal that operates on a customised application and functions as a highly versatile interactive marketing tool. With the ongoing pandemic, businesses are looking for alternative to reduce human contact whilst not affecting the customers engagement. With the introduction of i3Display, it can operate 24/7, offering convenience for businesses to continuously engage with their customers, compared to physical stores or salespersons which are limited by operating hours. The Group continuous innovation on the i3Display transformed the system into a healthcare technology with add-on features and products relevant to the current environment, such as attendance record analysis.

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B3. Commentary on Prospects (Cont'd)

Other than that, the Group had developed Queue Management System (QMS) in last quarter and TeamTack in this quarter. Besides, R&D Department also will develop new platforms, which are Pantry System, Advertisement System, Ticketing System etc. by end of this year.

B4. Variation on Revenue or Profit Estimate, Forecast, Projection or Internal Targets

Not applicable.

B5. Variance of Actual Profit After Tax and Minority Interest and the Forecast Profit after Tax and Minority Interest

Not applicable.

B6. Shortfall in the Profit Guarantee

Not applicable.

B7. Taxation

	Current Quarter Ended 30.09.2022 RM'000	Cumulative Period Ended 30.09.2022 RM'000
-Malaysia tax	-	-
-Foreign tax	537	1,044
Tax expense	<u>537</u>	<u>1,044</u>

Foreign income tax is calculated at the statutory tax rate of 29% of the estimated assessable profit for the current and the statutory tax rate of 30% of the actual profit for previous corresponding periods for subsidiary company in Pakistan.

B8. Status of Corporate Proposals

There was no corporate proposal announced as at the date of this report.

B9. Utilisation of Proceeds Raised from Corporate Proposal

On 7 December 2020 and 18 January 2021, the Company had raised total proceeds of RM7.64 million from the private placement by issuance of 70,000,000 and 58,543,000 new ordinary shares respectively.

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended Timeframe for Utilisation
Purchase of raw materials and assembly of i3Display terminals, screens and related products	4,000	4,000	-	Within 12 months
Software development in relation to i3Display solution and general system maintenance and protection	3,224	260	-	Within 12 months
Expenses in relation to the proposals	420	420	-	Immediate
	<u>7,644</u>	<u>7,644</u>	<u>-</u>	

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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B10. Borrowings and Debts Securities

The Group did not issue any debt securities or long term borrowings during the current financial quarter. The Group's borrowings which are denominated in Ringgit Malaysia as at 30 September 2022 are as follows:

	As at 30.09.2022	As at 31.03.2022
	RM'000 (unaudited)	RM'000 (audited)
Secured		
Current		
Term loan	36	71
Lease liabilities	343	432
	<u>462</u>	<u>503</u>
Secured		
Non-current		
Lease liabilities	249	441
	<u>298</u>	<u>441</u>

B11. Material Litigation

There were no pending litigation as at the date of this report except for:

- (a) In previous years, a subsidiary, M3 Tech Pakistan has purchased copyrights of songs albums from Mr. Asif Heera ("the Defendant"), the owner of Heera Studio. During the financial period, M/S S.M Sadiq ("the Plaintiff") has filed a suit against the Defendant for permanent injunction against the infringement of copyrights and passing off the goods/services by the Defendants as for the goods of the Plaintiff and accordingly has made M3 Tech Pakistan as pro-forma defendant. The honourable court of presiding officer, Intellectual Property Tribunal, Lahore, Pakistan has granted stay to the Plaintiff. However, the Defendant has represented to M3 Tech Pakistan that it has all the legal documents regarding purchase of content from the Plaintiff and are of the view that the suit will be decided in the favour of the Defendant.
- (b) In previous years, the Company has filed a civil claim against a former employee of the Company to recover a sum of RM705,569 pertaining to suspected fraud payments made to certain suppliers of the Company in previous years. The matter is now ongoing with part heard. On 21 July 2022, both the Company and the Defendant has closed its case. The parties are required to prepare the notes of proceedings and file a written submission by 29 September 2022. The matter is fixed for a decision on 7 February 2023.
- (c) On 7 May 2021, the Company has filed an originating summons together with an injunction application against Lim Seng Boon and Voon Sze Lin ("Defendants") to restrain the Defendants, including their agents or servants from taking further steps in respect of the Defendants' notice pursuant to Section 311 of Companies Act 2016 to requisition for an Extraordinary General Meeting to be convened within 14 days is null and void. On 2 June 2022, the defendants filed appeal after the High Court dismissed the originating summons ("OS") on 6 May 2022. This appeal is fixed for hearing on 12 April 2023.
- (d) On 8 July 2021, a former Director of the Group has served a writ and statement of claim for alleging the Company for defamation via announcement made to Bursa Securities and claims for RM5 millions of damages.

On 18 October 2021, the court has given direction for this suit to be transferred to Sessions Court. On 18 October 2022, the suit is recorded as consent judgement.

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B11. Material Litigation (Cont'd)

- (e) On 16 July 2021, the Company and its wholly owned subsidiary, M3 Online Sdn. Bhd. (collectively referred to as “Plaintiffs”) filed a writ and statement of claim against certain former directors and former employees, certain current employees and a private limited liability company (collectively referred to as “Defendants”) for misuse of the Plaintiffs’ software products.

On 19 August 2021, the Plaintiffs granted an approval for an Anton Piller application in Enclosure 4 (“APO”) for, inter alia, Plaintiffs’ solicitors, supervising solicitors and forensic representative to enter the premises of certain Defendants to search, receive, analyse, copy, image and/or take into custody items as listed in Schedule 2 of the APO.

On 20 January 2022, the Defendants had filed applications to set aside the APO but was subsequently dismissed by the Honourable Court. APO (inter-partes) was sustained on the same day. The Defendants appealed against both decisions.

On 4 April 2022, the Plaintiffs’ application dated 15 September 2021 for further direction/consequential order on protocol to deal with seized evidence from the APO had been allowed by the Honourable Court. The Defendants appealed against the decision. The suit is currently on going with multiple interlocutory applications and trial dates are set on 18 July 2023 to 24 July 2023 and 7 August 2023 and 10 August 2023.

A case management will be held on 28 November 2022 for pre-trial directions.

B12. Dividends

No dividend was declared and paid during the current financial quarter.

B13. Profits/(Losses) per share

- (a) The basic earnings per share is computed by dividing the Group’s net loss attributable to members of the Group with the weighted average number of ordinary shares in issue as follows:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profits/(Losses) attributable to ordinary shareholders of the Company (RM’000)	2,331	(4,796)	2,619	(5,927)
Weighted average number of ordinary shares in issue	893,626	893,626	893,626	845,865
Basic & diluted profits/(losses) per share (sen)	0.26	(0.54)	0.29	(0.70)

- (b) Diluted

The Group has no dilution in its loss per ordinary shares as the exercise price of the outstanding warrants has exceeded the average market price of ordinary shares during the period, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

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B14. Note to the Statements of Profit or Loss and Other Comprehensive Income

Profit/(Loss) before tax has been determined after (crediting)/charging, amongst others, the followings items :-

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
Amortisation of product development expenditure	218	250	446	510
Depreciation of right of use assets	42	168	157	338
Depreciation of plant and equipment	187	448	548	818
(Gain)/loss on disposal of plant and equipment	116	10	116	5
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(4)	98	(9)	142
- Unrealised	(1,338)	(436)	(2,553)	(711)
<u>Interest expense/(income)</u>				
- Interest expense	17	32	48	77
- Interest income	-	110	(1)	(13)

Save for the above, the other items as required under Chapter 9 Appendix 9B (16) of the AMLR of Bursa Securities are not applicable.

B15. Authorisation for Issue

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