

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023**

The Board of Directors of XOX Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2023 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	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		RM'000	RM'000	RM'000	RM'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	A8	24,060	21,674	88,249	68,665
Cost of sales		<u>(19,886)</u>	<u>(17,284)</u>	<u>(67,164)</u>	<u>(53,286)</u>
Gross profit		4,174	4,390	21,085	15,379
Other income		1,158	591	1,559	1,312
Administrative expenses		(6,781)	(3,469)	(16,735)	(16,447)
Selling and distribution expenses		<u>(35)</u>	<u>(264)</u>	<u>(87)</u>	<u>(383)</u>
Profit/(Loss) from operations		(1,484)	1,248	5,822	(139)
Finance costs		<u>(14)</u>	<u>(14)</u>	<u>(76)</u>	<u>(123)</u>
Profit/(Loss) before tax	B14	(1,498)	1,234	5,746	(262)
Tax expenses	B7	<u>(1,067)</u>	<u>(461)</u>	<u>(2,944)</u>	<u>(2,151)</u>
Profit/(Loss) for the financial year		<u>(2,565)</u>	<u>773</u>	<u>2,802</u>	<u>(2,413)</u>
Other comprehensive loss:-					
Item that will be subsequently to profit or loss					
Foreign currency translation differences		<u>(6,297)</u>	<u>(1,120)</u>	<u>(10,428)</u>	<u>(5,032)</u>
Other comprehensive loss for the financial year		<u>(6,297)</u>	<u>(1,120)</u>	<u>(10,428)</u>	<u>(5,032)</u>
Total comprehensive loss for the financial year		<u>(8,862)</u>	<u>(347)</u>	<u>(7,626)</u>	<u>(7,445)</u>
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company		(3,747)	455	(80)	(5,670)
- Non-controlling interests		<u>1,182</u>	<u>318</u>	<u>2,882</u>	<u>3,257</u>
		<u>(2,565)</u>	<u>773</u>	<u>2,802</u>	<u>(2,413)</u>
Total comprehensive profit/(loss) attributable to:					
- Owners of the Company		(8,065)	(268)	(7,081)	(8,917)
- Non-controlling interests		<u>(797)</u>	<u>(79)</u>	<u>(545)</u>	<u>1,472</u>
		<u>(8,862)</u>	<u>(347)</u>	<u>(7,626)</u>	<u>(7,445)</u>
Losses per share attributable to the owner of the company					
Basic/Diluted (sen)	B13	<u>(0.42)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.72)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.03.2023 RM'000 (unaudited)	As At 31.03.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant & equipment		2,223	4,305
Intangible assets		156	667
Right-of-use assets		309	1,018
Trade and other receivables		-	74
Deferred tax assets		72	106
		<u>2,760</u>	<u>6,170</u>
Current assets			
Inventories		-	596
Trade and other receivables		36,117	26,213
Tax recoverable		7,434	4,329
Deposit with licensed bank, cash and bank balance		7,012	20,366
		<u>50,563</u>	<u>51,504</u>
TOTAL ASSETS		<u>53,323</u>	<u>57,674</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		17,054	82,054
Treasury shares		(566)	(566)
Other reserves		(15,454)	(9,127)
Accumulated profits/(losses)		13,885	(51,036)
		<u>14,919</u>	<u>21,325</u>
Non-controlling interest		8,821	9,584
Total equity		<u>23,740</u>	<u>30,909</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		106	441
Provision for retirement benefit obligation		14	11
		<u>120</u>	<u>452</u>
Current liabilities			
Trade and other payables		29,213	25,810
Amount owing to Director		*	*
Bank borrowings	B10	11	71
Lease liabilities		239	432
		<u>29,463</u>	<u>26,313</u>
Total liabilities		<u>29,583</u>	<u>26,765</u>
TOTAL EQUITY AND LIABILITIES		<u>53,323</u>	<u>57,674</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)		<u>2.66</u>	<u>3.46</u>

*Less than RM1,000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable			Share Option Reserve RM'000	→ Distributable		Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000		Accumulated profits/(losses) RM'000	Total RM'000		
As at 1 April 2022	82,054	(566)	(9,128)	-	(51,036)	21,324	9,585	30,909
Net (loss)/profit for the financial year	-	-	-	-	(80)	(80)	2,882	2,802
Other comprehensive loss for the financial year	-	-	(6,326)	-	-	(6,326)	(2,349)	(8,675)
Total comprehensive loss for the financial year	-	-	(6,326)	-	(80)	(6,406)	533	(5,873)
Transaction with owners:								
Reduction of ordinary shares pursuant to:								
- Capital Reduction	(65,000)	-	-	-	65,000	-	-	-
Dividend on non-controlling interest	-	-	-	-	-	-	(1,297)	(1,297)
Total transactions with owners	(65,000)	-	-	-	65,000	-	(1,297)	(1,297)
As at 31 March 2023	17,054	(566)	(15,454)	-	13,884	14,918	8,821	23,739
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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	70,747	(262)
Adjustment for:-		
Amortisation of intangible assets	861	995
Amortisation of right-of-use asset	310	728
Depreciation of property, plant and equipment	1,105	1,457
Dividend income	-	273
Gain on disposal of property, plant and equipment	-	(209)
Interest expense	76	123
Interest income	(6)	(543)
Impairment losses on trade receivables	2,805	384
Inventories written down	-	97
Inventories written off	410	275
Reversal of impairment losses on trade receivables	-	(1)
Provision for retirement benefit obligation	-	2
Share-based payments	-	795
Intangible asset written off	86	96
Property, plant and equipment written off	1,511	654
Righ of use asset written off	322	-
Unrealised gain on foreign exchange	-	(369)
Operating profit before working capital changes	<u>78,227</u>	<u>4,495</u>
Changes in working capital:-		
Inventories	186	(171)
Payables	3,407	5,895
Receivables	(12,634)	(845)
Cash (used in)/generated from operations	69,186	9,374
Interest received	-	543
Tax paid	(6,048)	(4,244)
Net cash generated from operating activities	<u>63,138</u>	<u>5,673</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of:		
- Property, plant and equipment	(1,091)	(2,288)
- Intangible assets	(525)	(512)
Proceed on disposal of property, plant and equipment	-	374
Net cash used in investing activities	<u>(1,616)</u>	<u>(2,426)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	-	8,566
Capital Reduction	(65,000)	-
Interest paid	(69)	(123)
Dividend paid by subsidiaries to non-controlling interests	(1,297)	(639)
Repayment of bank borrowing	(60)	(76)
Repayment of lease liabilities	(529)	(757)
Net cash (used in)/generated from financing activities	<u>(66,955)</u>	<u>6,971</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,433)	10,218
Effects of changes in foreign exchange rate	(7,920)	(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>7,013</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>7,012</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
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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:-

12 months ended 31 March 2023	Malaysia RM'000	Pakistan RM'000	Dubai RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	46,709	63,513	3,568	5,318	(29,927)	89,181
Segment results	21,711	9,053	224	601	(25,766)	5,823
Interest income/(expense)	(7)	(44)	(24)	(1)	-	(76)
Profit/(loss) before taxation	21,704	9,009	200	600	(25,766)	5,747
Segment assets	11,072	32,803	6,344	18,697	(15,593)	53,323
Segment liabilities	9,531	19,600	3,513	47,809	(50,869)	29,584

12 months ended 31 March 2022	Malaysia RM'000	Pakistan RM'000	Dubai RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	16,951	41,273	8,261	3,165	(985)	68,665
Segment results	(6,985)	6,881	306	3,403	(3,744)	(139)
Interest income/(expenses)	(53)	(54)	(13)	(3)	-	(123)
Profit/(loss) before taxation	(7,038)	6,827	293	3,400	(3,744)	(262)
Segments assets	12,970	42,045	5,552	25,482	(28,375)	57,674
Segment liabilities	32,917	16,727	2,994	53,146	(78,960)	26,824

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 31 March 2023.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023**

A13. Significant Related Party Transaction

	Current Quarter Ended 31.03.2023 RM'000	Cumulative Year Ended 31.03.2023 RM'000
Sales to related parties	936	2,848
Purchase from a related party	26	158

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 31.03.2023 RM'000 (unaudited)	As at 31.03.2022 RM'000 (audited)
<u>Level 2</u>		
Term loan	11	71
Lease liabilities	345	874
	<u>356</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 31 March 2023.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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**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		
	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)	Changes (%)	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)	Changes (%)
Mobile Solutions and Trading						
Revenue	23,016	17,274	33%	79,777	46,166	73%
(Loss)/Profit before tax	(1,031)	4,231	>100%	22,312	5,406	>100%
Cloud Service Solutions						
Revenue	1,044	1,290	-19%	8,618	2,821	>100%
Profit/(Loss) before tax	(25)	1,071	-102%	9,201	(1,154)	>100%
Elimination						
Revenue	-	(1,778)	-100%	(146)	(1,995)	-93%
Loss before tax	(734)	(2,837)	-74%	(26,058)	(5,747)	>100%
Total						
Revenue	24,060	16,786	43%	88,249	46,992	88%
Gross profit	4,174	4,354	-4%	21,085	10,989	92%
(Loss)/Profit before tax	(1,788)	2,465	>100%	5,456	(1,495)	>100%
(Loss)/Profit after tax	(2,856)	1,925	>100%	2,512	(3,185)	>100%

The Group registered revenue of RM24.1 million in this quarter ended 31 March 2023 mainly contributed by mobile solution and trading segment amounted to RM23.0 million. The increase of revenue was due to the increase in selling price from Pakistan's operation which contributed to the increase in revenue for this quarter. Cloud Service Solutions segment contributed RM1.0 million to this quarter's revenue.

The Group recorded losses before tax of RM2.8 million for this quarter ended 31 March 2023. The losses were caused by the provision of doubtful debt of RM0.4 million, expected credit loss of RM2.8 million and impairment provision on assets of RM1.5 million in this quarter.

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B2. Material Changes in Financial Performance for the Quarter Compared with Immediate Preceding Quarter

Group Result	Quarter Ended		Changes	
	31.03.2023 RM'000 (unaudited)	31.12.2022 RM'000 (unaudited)	RM'000	(%)
Mobile Solutions and Trading				
Revenue	23,016	25,740	(2,724)	11%
(Loss)/Profit before tax	(1,031)	18,939	(19,970)	>100%
Cloud Service Solutions				
Revenue	1,044	4,847	(3,803)	78%
Profit/(Loss) before tax	(25)	9,001	(9,026)	>100%
Elimination				
Revenue	-	(142)	142	>100%
(Loss)/Profit before tax	(734)	(25,488)	24,754	>100%
Total				
Revenue	24,060	30,445	(6,385)	21%
Gross profit	4,174	7,507	(3,333)	44%
(Loss)/Profit before tax	(1,788)	2,451	(4,239)	-173%
(Loss)/Profit after tax	(2,856)	1,619	(4,475)	-173%

The Group recorded a decrease in revenue by RM6.4 million to RM24.1 million in current financial quarter compared to preceding quarter of RM30.4 million.

The Group recorded a loss before tax of RM2.8 million in current financial quarter compared to preceding quarter at profit of RM2.5 million.

B3. Commentary on Prospects

The Group's key financial driver remains to be the mobile solutions and trading segment 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 in mobile solutions business. However, the demand for SMS services for marketing and notification is expected to decrease in the banking industries as banking and financial institutions are slowly shifting to e-notifications. Other businesses such as retail stores, travel, transportation and hotel etc. are still using SMS services to update their customers or users on the order status and updates. We continue to develop new products and services enhancement to cater more specific customer needs.

Subsequent to the Malaysian government announcement on the economy recovery phase plan in 2022, the Group has seen an increase in enquiries for its i3Display, a 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 to transform 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)

Further, the Group also developed a Human Resources software, TeamTack in last quarter which our group foresee to bring us recurring revenue in foreseeable future. Our Research and Development Department has also received enquiries about developing customised software for third parties.

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 31.03.2023 RM'000	Cumulative Period Ended 31.03.2023 RM'000
-Malaysia tax	93	215
-Foreign tax	973	2,728
Tax expense	<u>1,066</u>	<u>2,943</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 except for:

- (i) Proposed reduction of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016 (“Proposed Capital Reduction”)

On 16 January 2023, Sierac Corporate Advisers Sdn. Bhd., on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the following corporate exercises:

- (a) Proposed reduction of RM65.0 million of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016.

The Proposals are subject to the following approvals being obtained from:

- (a) The shareholders of the Company at an Extraordinary General Meeting to be convened on 8 February 2022; and
- (b) Any other relevant authorities and/or parties, if required.

The Proposals are not conditional upon any other corporate exercise of the Company.

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B8. Status of Corporate Proposals (cont'd)

Proposed reduction of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016 ("Proposed Capital Reduction") (cont'd)

On 27 March 2023, Sierac Corporate Advisers Sdn. Bhd., on behalf of the Board of Directors of the Company, announced that the Company had on 27 March 2023 received notice dated 24 March 2023 issued by the Registrar of Companies confirming the reduction of share capital. Accordingly, the capital reduction is effective as at 24 March 2023.

Please refer to our announcements dated 16 January 2023, 8 February 2023 and 27 March 2023 for further details.

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	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
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>	

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 31 March 2023 are as follows:

	As at 31.03.2023	As at 31.03.2022
	RM'000 (unaudited)	RM'000 (audited)
Secured Current		
Term loan	11	71
Lease liabilities	239	432
	<u>250</u>	<u>503</u>
Secured Non-current		
Lease liabilities	106	441
	<u>106</u>	<u>441</u>

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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) On 4 September 2019, the Company filed a civil claim in the Shah Alam Sessions Court against a former employee of the Group to recover a sum of RM705,568.69 pertaining to suspected fraud payments made to certain suppliers of the Company in the previous years. On 21 December 2022, the Sessions Court had dismissed the Company’s claim against the Defendant with costs of RM35,000.00.

On 3 January 2023, the Company filed an appeal against the Shah Alam Sessions Court’s decision in the Shah Alam High Court. The appeal is fixed for hearing on 21-6-2023 at Shah Alam High Court.

(c) On 18 May 2021, Lim Seng Boon and Voon Sze Lin (“Plaintiffs”) filed an originating summons (“OS”) in the Kuala Lumpur High Court against the Company to restrain the Company from undertaking an Employee Share Option Scheme and other corporate exercises which have the effect of diluting the shareholdings that the Plaintiffs allegedly had. On 2 June 2022, the Plaintiffs filed an appeal to the Court of Appeal after the High Court dismissed their OS on 6 May 2022. On 12 April 2023, the appeal was dismissed with costs of RM 15,000.00.

(d) On 8 July 2021, a former Director of the Company filed a civil suit in the Kuala Lumpur Sessions Court against the Company for a RM5 million claim in damages alleging the Company for defamation via an announcement made to Bursa Securities on 26 April 2021.

On 18 October 2021, the Court has given direction for this suit to be transferred to Sessions Court. On 10 August 2022, the suit has been settled amicably via consent judgment.

(e) On 16 July 2021, the Company and its wholly owned subsidiary, M3 Online Sdn. Bhd. (collectively referred to as “Plaintiffs”) filed a civil suit in the Kuala Lumpur High Court against certain former directors and former employees, certain current employees and a private limited liability company (collectively referred to as “Defendants”) for, inter alia, misuse of the Plaintiffs’ software products, copyright infringement, breach of confidence, breach of fiduciary duties, conspiracy and unlawful interference with trade.

On 19 August 2021, the Plaintiffs obtained an Anton Piller Injunction against certain Defendants 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 High Court. APO (inter-parties) was sustained on the same day. The Defendants appealed against both decisions.

On 4 April 2022, the Plaintiffs’ application for further direction/consequential order on protocol to deal with seized evidence from the APO was allowed by the High Court. The Defendants appealed against the High Court’s decision.

All appeals will be heard together on 10 July 2023.

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B11. Material Litigation (Cont'd)

The suit is currently on going with multiple interlocutory applications and a case management will be held on 9 February 2023 for pre-trial directions. The Court has fixed trial dates on 18 July 2023 to 24 July 2023 and 7 August 2023 and 10 August 2023.

- (f) On 4 February 2022, a former Director of the Company filed a civil suit in the Kuala Lumpur Sessions Court against the Company for allegedly unpaid salaries amounting to RM330,635.00.

On 1 March 2022, parties have recorded a consent judgment where the Company shall pay the former Director an amount of RM330,635.00 in 3 instalments ending on 31 May 2022. The Company has remitted the full sum to the former Director and the matter has been settled.

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 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profits/(Losses) attributable to ordinary shareholders of the Company (RM'000)	(3,747)	252	(80)	(5,670)
Weighted average number of ordinary shares in issue	893,626	893,626	893,626	788,206
Basic & diluted profits/(losses) per share (sen)	(0.42)	0.03	(0.01)	(0.72)

- (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 :-

	3 months ended		12 months ended	
	31.03.23 Unaudited RM'000	31.03.22 Unaudited RM'000	31.03.23 Unaudited RM'000	31.03.22 Audited RM'000
Allowance for impairment of receivables	441	N/A	441	-
Amortisation of product development expenditure	202	239	861	995
Depreciation of right of use assets	56	224	388	728
Depreciation of plant and equipment	225	259	1,027	1,457
Loss on disposal of plant and equipment	35	(259)	151	(209)
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(3)	(189)	(14)	13
- Unrealised	(502)	390	(1,337)	(369)
<u>Interest expense/(income)</u>				
- Interest expense	14	14	76	123
- Interest income	(1)	(527)	(6)	(543)
Property, plant and equipment written off	-	654	-	654

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.