

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

The Board of Directors of XOX Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 September 2023 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 (“**FYE 2023**”) 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 Quarter Ended		CUMULATIVE QUARTER Year Ended	
		30.09.2023 RM'000 (unaudited)	30.09.2022 RM'000 (unaudited)	30.09.2023 RM'000 (unaudited)	30.09.2022 RM'000 (unaudited)
Revenue	<b>A8</b>	43,618	17,364	76,880	33,744
Cost of sales		<u>(37,761)</u>	<u>(12,532)</u>	<u>(62,801)</u>	<u>(24,340)</u>
<b>Gross profit</b>		5,857	4,832	14,079	9,404
Other income		3,547	300	3,705	721
Administrative and other expenses		(3,014)	(2,227)	(4,836)	(5,258)
Selling and distribution expenses		<u>(8)</u>	<u>(29)</u>	<u>(19)</u>	<u>(32)</u>
<b>Profit from operations</b>		6,382	2,876	12,929	4,835
Finance costs		<u>(14)</u>	<u>(14)</u>	<u>(28)</u>	<u>(43)</u>
<b>Profit before tax</b>	<b>B14</b>	<b>6,368</b>	<b>2,862</b>	<b>12,901</b>	<b>4,792</b>
Tax expenses	<b>B7</b>	<u>(2,180)</u>	<u>(537)</u>	<u>(5,279)</u>	<u>(1,044)</u>
<b>Profit for the financial year</b>		<b><u>4,188</u></b>	<b><u>2,325</u></b>	<b><u>7,622</u></b>	<b><u>3,748</u></b>
<b>Other comprehensive loss:-</b>					
<b>Item that will be subsequently to profit or loss</b>					
Foreign currency translation differences		<u>1,303</u>	<u>(2,203)</u>	<u>(623)</u>	<u>(4,029)</u>
Other comprehensive loss for the financial year		<u>1,303</u>	<u>(2,203)</u>	<u>(623)</u>	<u>(4,029)</u>
<b>Total comprehensive profit/(loss) for the financial year</b>		<b><u>5,491</u></b>	<b><u>122</u></b>	<b><u>6,999</u></b>	<b><u>(281)</u></b>
<b>Profit/(Loss) for the financial year attributable to:</b>					
- Owners of the Company		2,523	2,331	4,509	2,619
- Non-controlling interests		<u>1,665</u>	<u>(6)</u>	<u>3,113</u>	<u>1,129</u>
		<b><u>4,188</u></b>	<b><u>2,325</u></b>	<b><u>7,622</u></b>	<b><u>3,748</u></b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
- Owners of the Company		3,787	1,189	3,411	(161)
- Non-controlling interests		<u>1,704</u>	<u>(1,067)</u>	<u>3,588</u>	<u>(120)</u>
		<b><u>5,491</u></b>	<b><u>122</u></b>	<b><u>6,999</u></b>	<b><u>(281)</u></b>
<b>Profit per share attributable to the owner of the company</b>					
Basic/Diluted (sen)	<b>B13</b>	<u>0.28</u>	<u>0.26</u>	<u>0.50</u>	<u>0.29</u>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 30.09.2023 RM'000 (unaudited)	As At 31.03.2023 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		2,187	2,156
Intangible assets		140	156
Right-of-use assets		559	398
Deferred tax assets		140	241
		<u>3,026</u>	<u>2,951</u>
<b>Current assets</b>			
Trade and other receivables		71,544	35,122
Tax recoverable		4,702	6,403
Deposit with licensed bank, cash and bank balance		9,111	7,013
		<u>85,357</u>	<u>48,538</u>
<b>TOTAL ASSETS</b>		<b><u>88,383</u></b>	<b><u>51,489</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		17,054	17,054
Treasury shares		(566)	(566)
Other reserves		(15,389)	(15,235)
Accumulated profits/(losses)		17,440	13,877
		<u>18,539</u>	<u>15,130</u>
Non-controlling interest		11,933	8,345
<b>Total equity</b>		<u>30,472</u>	<u>23,475</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	<b>B9</b>	161	197
Provision for retirement benefit obligation		4	14
		<u>165</u>	<u>211</u>
<b>Current liabilities</b>			
Trade and other payables		57,487	27,676
Amount owing to Director		*	*
Lease liabilities	<b>B9</b>	259	128
		<u>57,746</u>	<u>27,804</u>
<b>Total liabilities</b>		<b><u>57,911</u></b>	<b><u>28,015</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>88,383</u></b>	<b><u>51,490</u></b>
<b>Net asset per share attributable to ordinary equity holders of the parent (sen)</b>		<u>3.41</u>	<u>2.63</u>

\*Less than RM1,000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Non-distributable →			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		
<b>As at 1 April 2023</b>	17,054	(566)	(15,235)	13,877	15,130	8,344	23,474
Net profit for the financial year	-	-	-	4,509	4,509	3,113	7,622
Other comprehensive (loss)/profit for the financial year	-	-	(154)	(946)	(1,100)	476	(624)
Total comprehensive (loss)/profit for the financial year	-	-	(154)	3,563	3,409	3,589	6,998
<b>As at 30 September 2023</b>	<b>17,054</b>	<b>(566)</b>	<b>(15,389)</b>	<b>17,440</b>	<b>18,539</b>	<b>11,933</b>	<b>30,472</b>
<b>As at 1 April 2022</b>	82,054	(566)	(9,127)	(51,036)	21,325	9,584	30,909
Net (loss)/profit for the financial year	-	-	-	(87)	(87)	2,704	2,617
Other comprehensive loss for the financial year	-	-	(6,108)	-	(6,108)	(3,152)	(9,260)
Total comprehensive loss for the financial year	-	-	(6,108)	(87)	(6,195)	(448)	(6,643)
Transaction with owners:							
- Share capital reduction	(65,000)	-	-	65,000	-	-	-
Dividend on non-controlling interests	-	-	-	-	-	(792)	(792)
Total transactions with owners	(65,000)	-	-	65,000	-	(792)	(792)
<b>As at 31 March 2023</b>	<b>17,054</b>	<b>(566)</b>	<b>(15,235)</b>	<b>13,877</b>	<b>15,130</b>	<b>8,344</b>	<b>23,474</b>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year Ended	
	30.09.2023 RM'000 (unaudited)	31.03.2023 RM'000 (audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,901	6,420
Adjustment for:-		
Amortisation of intangible assets	33	190
Amortisation of right-of-use asset	108	397
Depreciation of property, plant and equipment	212	1,159
Gain on disposal of property, plant and equipment	(27)	(62)
Gain on disposal of right-of-use assets	-	(7)
Gain on disposal of subsidiary companies	-	(629)
Interest expense	28	76
Interest income	(679)	(7)
Inventories written off	-	542
Impairment losses on property, plant and equipment	-	2,280
Impairment losses on intangible assets	-	234
Impairment losses on trade receivables	563	3,519
Impairment losses on other receivables	-	236
Provision for retirement benefit obligation	-	3
Property, plant and equipment written off	-	25
Operating profit before working capital changes	<u>13,139</u>	<u>14,376</u>
Changes in working capital:-		
Inventories	-	55
Receivables	(36,985)	(12,022)
Payables	29,814	1,982
Amount owing to director	3	-
Cash generated from operations	<u>5,971</u>	<u>4,391</u>
Tax paid	<u>(3,577)</u>	<u>(6,093)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>2,394</u>	<u>(1,702)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	679	7
Acquisition of:		
- Property, plant and equipment	(478)	(1,663)
- Intangible assets	(6)	-
- Right of use assets	(255)	-
Net cash outflows from disposal of subsidiary companies	-	(54)
Proceed on disposal of property, plant and equipment	312	87
Proceed on disposal of right-of-use assets	-	240
<b>Net cash generated from/(used in) investing activities</b>	<u>252</u>	<u>(1,383)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(28)	(76)
Dividend paid by subsidiaries to non-controlling interests	-	(792)
Repayment of bank borrowing	-	(71)
Repayment of lease liabilities	94	(525)
<b>Net cash generated from/(used in) financing activities</b>	<u>66</u>	<u>(1,464)</u>

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CON'T)**

	Year Ended	
	30.09.2023	31.03.2023
	RM'000	RM'000
	(unaudited)	(audited)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,712	(4,549)
Effects of changes in foreign exchange rate	(614)	(8,804)
Cash and cash equivalents at the beginning of the year	7,013	20,366
<b>Cash and cash equivalents at the end of the year</b>	<u>9,111</u>	<u>7,013</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposit with licensed bank, cash and bank balance	<u>9,111</u>	<u>7,013</u>

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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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**

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**A1. Basis of Preparation**

The condensed consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting, the International Accounting Standard (“IAS”) 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 2023 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 2023.

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 2023 except for the adoption of the following new MFRSs and amendments to MFRSs and new IC Interpretation (“IC Int”) which are effective for the financial year beginning 1 January 2023:

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9	<i>Comparative Information (Amendment to MFRS 17)</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>

The adoption of the above MFRS, amendments/improvements to MFRSs and IC Int did not have any material financial impact to the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

Amendments to MFRS 16	<i>Leases – Lease Liability in a sale and leaseback</i>
Amendments to MFRS 101	<i>Non-Current Liabilities with Covenants</i>

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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>
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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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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 2023.

**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 under review and the financial year-to-date.

**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 under review and the financial year-to-date.

**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 under review and the financial year-to-date.

**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 under review and the financial year-to-date.

**A7. Dividends Paid**

There were no dividends declared and paid for the current financial quarter under review and the financial year-to-date.

**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, Pakistan, Dubai and other countries. In presenting information on the basis of geographical segments. Segmental revenue is presented based on the geographical location of customers.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**A8. Segmental Information (Cont'd)**

**Geographical segments (Cont'd)**

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

<b>6 months ended</b>	<b>Malaysia</b>	<b>Pakistan</b>	<b>Dubai</b>	<b>Other</b>	<b>Eliminations/</b>	<b>Group</b>
<b>30 September 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Countries</b>	<b>Adjustments</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	8,454	71,705	497	38	(136)	80,558
Segment results	(1,098)	13,033	56	708	230	12,929
Interest income/(expense)	(1)	(15)	(12)	-	-	(28)
(Loss)/profit before taxation	(1,099)	13,018	44	708	230	12,901
Segment assets	9,073	73,140	4,576	6,206	(4,611)	88,384
Segment liabilities	9,780	48,462	1,523	50,411	(52,265)	57,911

<b>6 months ended</b>	<b>Malaysia</b>	<b>Pakistan</b>	<b>Dubai</b>	<b>Other</b>	<b>Eliminations/</b>	<b>Group</b>
<b>30 September 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Countries</b>	<b>Adjustments</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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/(expenses)	(7)	(24)	(12)	-	-	(43)
Profit before taxation	1,470	3,365	118	323	(482)	4,794
Segments 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

**A9. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment during the current financial quarter under review and the financial year-to-date.

**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 except for:

- i. A notice dated 08 November 2023 has been published in the Government Gazette under Singapore's Accounting and Corporate Regulatory Authority (ACRA) pertaining to the wholly owned subsidiary, M3 Mobile Technologies (S) Pte. Ltd. will be struck off from the register if there is no objection received within 60 days from the notice.

**A11. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter under review and the financial year-to-date.

**A12. Contingent Assets or Changes on Contingent Liabilities**

There were no contingent assets or contingent liabilities as at 30 September 2023, other than as disclosed in Note B12.



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**A13. Related Party Transaction**

The related party transactions between the Group and the related party were as follows:

	<b>Current Quarter Ended 30.09.2023 RM'000</b>	<b>Cumulative Year Ended 30.09.2023 RM'000</b>
Sales to related parties	180	276
Purchase from related parties	74	202

**A14. Cash and cash equivalents**

Total cash and cash equivalents were as follows:

	<b>As at 30.09.2023 RM'000 (unaudited)</b>	<b>As at 31.03.2023 RM'000 (audited)</b>
	9,111	7,013

**A15. 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).

	<b>As at 30.09.2023 RM'000 (unaudited)</b>	<b>As at 31.03.2023 RM'000 (audited)</b>
<b>Group</b>		
<u>Level 2</u>		
Lease liabilities	420	325
	420	325

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 2023.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**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		
	30.09.2023 RM'000 (unaudited)	30.09.2022 RM'000 (unaudited)	Changes (%)	30.09.2023 RM'000 (unaudited)	30.09.2022 RM'000 (unaudited)	Changes (%)
<b>Mobile Solutions Services</b>						
Revenue	43,561	14,808	>100%	76,614	31,021	>100%
Profit before tax	6,785	1,612	>100%	15,052	4,404	>100%
<b>Cloud Service Solutions</b>						
Revenue	194	2,558	(92%)	403	2,727	(85%)
Loss before tax	(2,331)	1,119	>100%	(2,376)	225	>100%
<b>Adjustment/Elimination</b>						
Revenue	(136)	(2)	67%	(136)	(4)	33%
Profit before tax	(977)	131	>100%	(230)	164	>100%
<b>Total</b>						
Revenue	43,619	17,364	>100%	76,881	33,744	>100%
Gross profit	5,857	4,831	21%	14,079	9,404	50%
Profit before tax	6,368	2,863	>100%	12,901	4,793	>100%
Profit after tax	4,188	2,326	80%	7,622	3,749	>100%

The Group registered revenue of RM43.6 million in this quarter ended 30 September 2023 which mainly contributed by mobile solution services segment. Pakistan contributed RM68.0 million or approximately 88.5% of total revenue. The Cloud Service Solutions segment contributed RM0.2 million of revenue in this quarter.

The Group recorded profit before tax of RM6.4 million for this quarter ended 30 September 2023. The profit was mainly generated by Pakistan.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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

Group Result	Quarter Ended		Changes	
	30.09.2023 RM'000 (unaudited)	30.06.2023 RM'000 (unaudited)	RM'000	(%)
<b>Mobile Solutions and Trading</b>				
Revenue	43,561	33,053	10,508	(32%)
Profit before tax	6,785	8,267	(1,482)	18%
<b>Cloud Service Solutions</b>				
Revenue	194	209	(15)	7%
Loss before tax	(2,331)	(45)	(2,286)	>100%
<b>Elimination</b>				
Revenue	(136)	-	(136)	>100%
(Loss)/Profit before tax	(977)	747	(1,724)	>100%
<b>Total</b>				
Revenue	43,619	33,262	10,357	(31%)
Gross profit	5,857	8,222	(2,365)	29%
Profit before tax	6,368	6,533	(165)	3%
Profit after tax	4,188	3,434	754	(22%)

The Group recorded an increase in revenue by RM10.4 million to RM43.6 million in current financial quarter compared to preceding quarter of RM33.3 million.

The Group recorded a profit before tax of RM6.4 million in current financial quarter compared to preceding quarter at profit of RM6.5 million and profit after tax of RM4.1 million in current financial quarter compared to preceding quarter at profit of RM3.4 million.

**B3. Commentary on Prospects**

The Group's key financial driver remains to be the mobile solutions and trading segment for the foreseeable future. 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.

Besides, the Group has seen an increase in enquiries for its i3Display panels, a high-definition touch screen terminal that operates on a customised application and functions as a highly versatile interactive marketing tool. The Group mainly received enquiries on rental of the panels which highly being used during the events. As the i3Display is able to transform the system with add-on features to cater customers or users' needs and improve the interactions between the Companies and end users.

Further, the Group also received enquiries on software developing or customising from related parties as well as third parties, which help to expand the Group's revenue segment and diversify the business risks by reducing dependence on existing business segment in the Group.

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

Not applicable.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**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**

	<b>Current Quarter Ended 30.09.2023 RM'000</b>	<b>Cumulative Period Ended 30.09.2023 RM'000</b>
-Malaysia tax	-	-
-Foreign tax	2,180	5,279
Tax expense	<u>2,180</u>	<u>5,279</u>

Foreign income tax is calculated at the statutory tax rate of 29% of the estimated assessable profit and additional 10% of Super Tax for the current and the statutory tax rate of 29% of the actual profit for previous corresponding periods for subsidiary company in Pakistan and in previous financial year, the authority also enhanced the tax of "Super Tax on High Earning Persons U/S 4C of Income Tax Ordinance, 2001 and accordingly the tax rate for persons having taxable income of more than Rupees 500 million is revised to 10% from 4% retrospectively for the tax year 2023 and onwards.

**B8. Status of Corporate Proposals**

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

**B9. 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 2023 are as follows:

	<b>As at 30.09.2023 RM'000 (unaudited)</b>	<b>As at 31.03.2023 RM'000 (audited)</b>
<b>Secured Current</b>		
Lease liabilities	259	127
	<u>259</u>	<u>127</u>
<b>Secured Non-current</b>		
Lease liabilities	161	197
	<u>161</u>	<u>197</u>

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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**B10. 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. In prior years, 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. On 28 July 2023, the appeal is fixed dismissed with costs of RM10,000.00.

(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 12.4.2023, the Court of Appeal dismissed the Appeal with costs of RM15,000.00.

On 11 May 2023, a Notice of Motion for leave to appeal was filed by the Appellants after the Court of Appeal dismissed on 12 April 2023.

On 26 September 2023, the Appellants filed a Notice of Discontinuance to discontinue the application for leave to appeal without any order as to cost and without liberty to file afresh.

(d) On 16 July 2021, the Company and 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 14 July 2023, the Court of Appeal gave the order for the appeals to the extent damages to be assessed by the High Court, and costs of RM30,000.00 to be paid to each Defendants.

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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**B11. Material Litigation (Cont'd)**

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. On 14 July 2023, the Court of Appeal gave the order that the appeals have been rendered academic and hence struck out by the Court of Appeal. Pursuant to this, the Plaintiffs filed the Notice of Motion for leave to appeal to the Federal Court against the Court of Appeal's decision. The hearing of this Motion has been fixed on 13 December 2023.

On 2 August 2023 and 10 August 2023, the 2nd and 8th Defendants respectively filed Notices for Directions for assessment of damages.

Pursuant to this, on 15 September 2023, the Plaintiffs filed an application to stay both the 2nd and 8th Defendants' assessment of damages proceedings pending the disposal of the Plaintiffs' application for leave to appeal to the Federal Court against the Court of Appeal's decision. The hearing for the applications to stay the assessment of damages proceedings will take place on 29 November 2023.

On 10 July 2023, the High Court had:

- (i) granted a stay of proceedings in the main suit and counterclaim pending the disposal of leave application under Federal Court ("FC Leave Application");
- (ii) vacated the trial dates pending the FC Leave Application and
- (iii) fixed a case management on 30 October 2023 to update the court on the status of the FC Leave Application.

However, during a case management on 5 October 2023 for the Plaintiffs' application to stay the 2<sup>nd</sup> and 8<sup>th</sup> Defendants' applications for assessment of damages, the 2<sup>nd</sup> Defendant had updated the High Court that the FC Leave Application has been withdrawn.

- (e) M3 Tech Pakistan has obtained legal advice and based on that advice, M3 Tech Pakistan has stopped accounting for further provision in respect of the Sindh Workers' Welfare Fund. The management and the legal advisor believe that M3 Tech Pakistan does not fall within the ambit of 'Industrial Establishment' as defined in Section 2(g) of the Sindh Workers' Welfare Fund Act, 2014 as such, M3 Tech Pakistan uses the telecommunication services to render its services but it itself is not a 'concern engaged in telecommunication' which actually falls within the ambit of 'Industrial Establishment'.

Assistant Commission, Sindh Revenue Board (SRB) has passed an order dated 11 January 2019 to M3 Tech Pakistan under Section 2(g) of the Sindh Workers Welfare Fund Act, 2014 (the Act) for the submission of Sindh Workers welfare Fund (SWWF) amounts to Government of Sindh. M3 Tech Pakistan's tax advisor has submitted his response on 31 January 2019 to the Assistant Commissioner that M3 Tech Pakistan believes that it does not fall under Section 2(g) of the Act. Accordingly, M3 Tech Pakistan has not recorded any expense in this regard as M3 Tech Pakistan and its tax advisor are confident that all outstanding matter will be decided in M3 Tech Pakistan's favour.

- (f) During the financial year, three former employees of the Company ("Plaintiffs") filed three separate claims against the Company ("Defendant") claiming for reinstatement or backdated wages and other monetary awards. The Court has fixed trial dates on 9 May 2024 and 10 May 2024.

On 22 May 2023, the Industrial Court decided in favour of the Defendant in response to one of the claims. The Plaintiff appealed against the decision. The hearing of the appeal has been adjourned to 18 March 2024 at the High Court.

On 13 September 2023, the Industrial Court Judge delivered the award in favour of Defendant for one of the claims.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**B12. Contingencies**

- (a) M3 Tech Pakistan received a show cause notice from the Assistant Commissioner of Sindh Revenue Board (“SRB”) on 17 January 2023. As per the notice, M3 Tech Pakistan rendered services amounting to PKR2,334,437,485 (approximately RM36,349,526), including PKR822,096,832 (approximately RM12,800,870) Trade Debt as per Section 17 of the Act-2011, resulting Sindh Sales Tax of PKR455,215,310 (approximately RM7,088,158). However, M3 Tech Pakistan only declared PKR276,062,538 (approximately RM4,298,570) as Sindh Sales Tax (“SST”) in their monthly returns filed with the SRB for the relevant tax period, resulting in a short payment of PKR179,152,772 (approximately RM2,789,588). M3 Tech Pakistan responded to the notice by providing the necessary information and reconciliation and decided not to record any provision for this matter, as their tax advisor is confident that the show cause notice will not lead to adverse consequences.
- (b) During the previous financial year, three former employees commenced legal actions against the Company claiming for reinstatement or backdated wages and other monetary awards. The claims are estimated to be RM753,750 and RM860,265 should the action be successful.

**B13. Dividends**

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

**B14. Profits 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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profits attributable to ordinary shareholders of the Company (RM'000)	2,523	2,331	4,509	2,619
Weighted average number of ordinary shares in issue	893,626	893,626	893,626	893,626
Basic & diluted profits per share (sen)	0.28	0.26	0.50	0.29

- (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.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

**B15. Note to the Statements of Profit or Loss and Other Comprehensive Income**

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

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Loss before taxation				
Included in the Profit before tax are the following items:				
Allowance for impairment of receivables	98	-	98	-
Amortisation of intangible assets	14	218	33	446
Depreciation of right-of-use assets	48	42	108	157
Depreciation of plant and equipment	202	116	304	548
Expected credit losses	563	-	563	-
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(3)	(4)	(18)	(9)
- Unrealised	(507)	(1,338)	(1,286)	(2,553)
<u>Interest expense/(income)</u>				
- Interest expense	14	17	28	48
- Interest income	(574)	-	(679)	(1)
Reversal of impairment of receivables	(1)	-	(1)	-
Gain on disposal of plant and equipment	(27)	-	(27)	-

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

**B16. Authorisation for Issue**

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