

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

The Board of Directors of XOX Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 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		CUMULATIVE QUARTER	
		Quarter Ended		Year Ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	A8	46,451	30,445	123,331	64,189
Cost of sales		<u>(35,601)</u>	<u>(22,938)</u>	<u>(95,565)</u>	<u>(47,278)</u>
Gross profit		10,850	7,507	27,766	16,911
Other income		732	(320)	1,470	401
Administrative and other expenses		(2,961)	(4,696)	(7,711)	(9,954)
Selling and distribution expenses		<u>-</u>	<u>(20)</u>	<u>(19)</u>	<u>(52)</u>
Profit from operations		8,621	2,471	21,506	7,306
Finance costs		<u>(19)</u>	<u>(19)</u>	<u>(47)</u>	<u>(62)</u>
Profit before tax	B14	8,602	2,452	21,459	7,244
Tax expenses	B7	<u>(5,159)</u>	<u>(833)</u>	<u>(10,435)</u>	<u>(1,877)</u>
Profit for the financial year		<u>3,443</u>	<u>1,619</u>	<u>11,024</u>	<u>5,367</u>
Other comprehensive loss:-					
Item that will be subsequently to profit or loss					
Foreign currency translation differences		<u>636</u>	<u>(102)</u>	<u>11</u>	<u>(4,131)</u>
Other comprehensive profit/(loss) for the financial year		<u>636</u>	<u>(102)</u>	<u>11</u>	<u>(4,131)</u>
Total comprehensive profit for the financial year		<u>4,079</u>	<u>1,517</u>	<u>11,035</u>	<u>1,236</u>
Profit for the financial year attributable to:					
- Owners of the Company		682	1,048	5,166	3,667
- Non-controlling interests		<u>2,761</u>	<u>571</u>	<u>5,858</u>	<u>1,700</u>
		<u>3,443</u>	<u>1,619</u>	<u>11,024</u>	<u>5,367</u>
Total comprehensive profit attributable to:					
- Owners of the Company		1,195	1,145	4,580	984
- Non-controlling interests		<u>2,884</u>	<u>372</u>	<u>6,455</u>	<u>252</u>
		<u>4,079</u>	<u>1,517</u>	<u>11,035</u>	<u>1,236</u>
Profit per share attributable to the owner of the company					
Basic/Diluted (sen)	B13	<u>0.08</u>	<u>0.12</u>	<u>0.58</u>	<u>0.41</u>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.12.2023 RM'000 (unaudited)	As At 31.03.2023 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant & equipment		3,397	2,156
Intangible assets		128	156
Right-of-use assets		485	398
Trade and other receivables		-	-
Deferred tax assets		213	241
		<u>4,223</u>	<u>2,951</u>
Current assets			
Trade and other receivables		62,799	35,122
Tax recoverable		6,813	6,403
Deposit with licensed bank, cash and bank balance		21,344	7,013
		<u>90,956</u>	<u>48,538</u>
TOTAL ASSETS		<u>95,179</u>	<u>51,489</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		17,054	17,054
Treasury shares		(566)	(566)
Other reserves		(15,821)	(15,235)
Accumulated profits		19,380	13,877
		<u>20,047</u>	<u>15,130</u>
Non-controlling interest		14,462	8,345
Total equity		<u>34,509</u>	<u>23,475</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	B9	132	197
Provision for retirement benefit obligation		4	14
		<u>136</u>	<u>211</u>
Current liabilities			
Trade and other payables		60,272	27,676
Amount owing to Director		*	*
Lease liabilities	B9	262	127
		<u>60,534</u>	<u>27,803</u>
Total liabilities		<u>60,670</u>	<u>28,014</u>
TOTAL EQUITY AND LIABILITIES		<u>95,179</u>	<u>51,489</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)		<u>3.86</u>	<u>2.63</u>

*Less than RM1,000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 RM'000	Total RM'000		
As at 1 April 2023	17,054	(566)	(15,235)	13,877	15,130	8,344	23,474
Net profit for the financial year	-	-	-	5,166	5,166	5,858	11,024
Other comprehensive (loss)/profit for the financial year	-	-	(586)	337	(249)	260	11
Total comprehensive (loss)/profit for the financial year	-	-	(586)	5,503	4,917	6,118	11,035
As at 31 December 2023	17,054	(566)	(15,821)	19,380	20,047	14,462	34,509
As at 1 April 2022	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)
As at 31 March 2023	17,054	(566)	(15,235)	13,877	15,130	8,344	23,474

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	31.12.2023 RM'000 (unaudited)	31.03.2023 RM'000 (audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	21,459	6,420
Adjustment for:-		
Amortisation of intangible assets	42	190
Amortisation of right-of-use asset	180	397
Depreciation of property, plant and equipment	332	1,159
Gain on disposal of property, plant and equipment	-	(62)
Gain on disposal of right-of-use assets	-	(7)
Gain on disposal of subsidiary companies	-	(629)
Interest expense	47	76
Interest income	(1,307)	(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	492	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>21,245</u>	<u>14,376</u>
Changes in working capital:-		
Inventories	-	55
Receivables	(28,171)	(12,022)
Payables	32,598	1,982
Amount owing to director	3	-
Cash generated from operations	<u>25,675</u>	<u>4,391</u>
Tax paid	<u>(10,845)</u>	<u>(6,093)</u>
Net cash generated from/(used in) operating activities	<u>14,830</u>	<u>(1,702)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1,307	7
Acquisition of:		
- Property, plant and equipment	(1,428)	(1,663)
- Intangible assets	(2)	-
- Right of use assets	(250)	-
Net cash outflows from disposal of subsidiary companies	-	(54)
Proceed on disposal of property, plant and equipment	-	87
Proceed on disposal of right-of-use assets	-	240
Net cash used in investing activities	<u>(373)</u>	<u>(1,383)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(47)	(76)
Dividend paid by subsidiaries to non-controlling interests	-	(792)
Repayment of bank borrowing	-	(71)
Repayment of lease liabilities	69	(525)
Net cash used in financing activities	<u>22</u>	<u>(1,464)</u>

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

	Year Ended	
	31.12.2023 RM'000 (unaudited)	31.03.2023 RM'000 (audited)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,479	(4,549)
Effects of changes in foreign exchange rate	(151)	(8,804)
Cash and cash equivalents at the beginning of the year	7,013	20,366
Cash and cash equivalents at the end of the year	<u>21,341</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>21,341</u>	<u>7,013</u>

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

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 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
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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.

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A8. Segmental Information (Cont'd)

Geographical segments (Cont'd)

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

9 months ended	Malaysia	Pakistan	Dubai	Other	Eliminations/	Group
31 December 2023	RM'000	RM'000	RM'000	Countries	Adjustments	RM'000
				RM'000	RM'000	RM'000
External revenue	9,953	114,147	672	79	(138)	124,713
Segment results	(4,158)	25,058	74	206	327	21,507
Interest income/(expense)	(6)	(23)	(19)	1	-	(47)
(Loss)/profit before taxation	(4,164)	25,035	55	207	327	21,460
Segment assets	7,588	79,431	4,533	8,025	(4,397)	95,180
Segment liabilities	11,362	49,630	1,536	50,290	(52,147)	60,671

9 months ended	Malaysia	Pakistan	Dubai	Other	Eliminations/	Group
31 December 2022	RM'000	RM'000	RM'000	Countries	Adjustments	RM'000
				RM'000	RM'000	RM'000
External revenue	42,120	44,235	2,710	1,755	(26,230)	64,590
Segment results	26,539	6,021	167	(96)	(25,324)	7,307
Interest income/(expenses)	(9)	(35)	(18)	-	-	(62)
Profit before taxation	26,530	5,986	149	(96)	(25,324)	7,245
Segments assets	14,303	38,956	5,796	20,866	(17,771)	62,150
Segment liabilities	7,842	21,608	3,010	50,633	(52,695)	30,398

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:

On 2nd February 2024, Aquatic Harvest Sdn. Bhd., a wholly-owned subsidiary of XOX Technology Berhad was incorporated with an initial issued and paid-up share capital of RM1,000.00 comprising 1,000 ordinary shares of RM1.00 each.

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, other than as disclosed in Note A10.

A12. Contingent Assets or Changes on Contingent Liabilities

There were no contingent assets or contingent liabilities as at 31 December 2023, other than as disclosed in Note B12.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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A13. Related Party Transaction

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

	Current Quarter Ended 31.12.2023 RM'000	Cumulative Year Ended 31.12.2023 RM'000
Sales to related parties	174	449
Purchase from related parties	30	232

A14. Cash and cash equivalents

Total cash and cash equivalents were as follows:

	As at 31.12.2023 RM'000 (unaudited)	As at 31.03.2023 RM'000 (audited)
	21,334	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).

	As at 30.09.2023 RM'000 (unaudited)	As at 31.03.2023 RM'000 (audited)
Group		
<u>Level 2</u>		
Lease liabilities	394	325
	394	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 31 December 2023.

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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		
	31.12.2023 RM'000 (unaudited)	31.12.2022 RM'000 (unaudited)	Changes (%)	31.12.2023 RM'000 (unaudited)	31.12.2022 RM'000 (unaudited)	Changes (%)
Mobile Solutions Services						
Revenue	46,186	14,808	>100%	122,800	31,021	>100%
Profit before tax	8,464	1,612	>100%	23,472	4,404	>100%
Cloud Service Solutions						
Revenue	266	2,558	(90%)	669	2,727	(75%)
Loss before tax	47	1,119	(96%)	(2,329)	225	>100%
Adjustment/Elimination						
Revenue	(2)	(2)	0	(138)	(4)	>100%
Profit before tax	(97)	131	>100%	(327)	164	>100%
Total						
Revenue	46,450	17,364	>100%	123,331	33,744	>100%
Gross profit	10,849	4,831	>100%	27,766	9,404	>100%
Profit before tax	8,602	2,863	>100%	21,459	4,793	>100%
Profit after tax	3,443	2,326	48%	11,024	3,749	>100%

The Group registered revenue of RM46.5 million in this quarter ended 31 December 2023 which mainly contributed by mobile solution services segment at RM46.2 million and RM0.3 million from Cloud Service Solutions segment.

Pakistan contributed RM112.8 million or approximately 91.5% of total revenue, where RM9 million from Malaysia and remaining from Dubai.

The Group recorded profit before tax of RM8.6 million for this quarter ended 31 December 2023. The profit was mainly generated by Pakistan.

**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	
	31.12.2023 RM'000 (unaudited)	30.09.2023 RM'000 (unaudited)	RM'000	(%)
Mobile Solutions and Trading				
Revenue	46,186	43,561	2,625	6%
Profit/(Loss) before tax	8,464	6,741	1,723	26%
Cloud Service Solutions				
Revenue	266	194	72	37%
(Loss)/Profit before tax	47	(2,331)	2,378	>100%
Elimination				
Revenue	(2)	(136)	134	(99%)
Profit/(Loss) before tax	(97)	(977)	880	(90%)
Total				
Revenue	46,450	43,619	2,831	6%
Gross profit	10,849	8,695	2,154	25%
Profit/(Loss) before tax	8,602	6,324	2,278	36%
Profit/(Loss) after tax	3,443	4,147	(704)	(17%)

The Group recorded an increase in revenue by RM2.8 million to RM46.5 million in current financial quarter compared to preceding quarter of RM43.6 million.

The Group recorded a profit before tax of RM8.6 million in current financial quarter compared to preceding quarter at profit of RM6.3 million and profit after tax of RM3.4 million in current financial quarter compared to preceding quarter at profit of RM4.2 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. Therefore, the Group also shift the focus from banking and financial institutions to other businesses such as retail stores, travel, transportation and hotel etc. which 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.

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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 31.12.2023 RM'000	Cumulative Period Ended 31.12.2023 RM'000
-Malaysia tax	2	2
-Foreign tax	5,154	10,433
Tax expense	<u>5,156</u>	<u>10,435</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 31 December 2023 are as follows:

	As at 31.12.2023 RM'000 (unaudited)	As at 31.03.2023 RM'000 (audited)
Secured Current		
Lease liabilities	262	127
	<u>262</u>	<u>127</u>
Secured Non-current		
Lease liabilities	132	197
	<u>132</u>	<u>197</u>

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

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) 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.

- (c) 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.

- (d) 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.

- (e) 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.

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B11. Material Litigation (Cont'd)

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 and were registered as Appeal 296, Appeal 297, Appeal 346 and Appeal 347.

The Plaintiffs’ application dated 15 September 2021 for further direction/consequential order on protocol to deal with seized evidence from the APO was allowed by the High Court on 4 April 2022 and the Defendants appealed against the High Court’s decision and were registered as Appeal 664 and Appeal 836.

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.

The 6 Appeals were heard together and on 14.7.2023, the Court of Appeal gave the following orders:

- (i) allowed Appeal 296, Appeal 297, Appeal 346 and Appeal 347 to the extent damages to be assessed by the High Court, and costs of RM20,000.00 to be paid to each Appellant; and
- (ii) Appeal 664 and Appeal 836 have been rendered academic and hence struck out by the Court of Appeal.

During the case management on 30 October 2023, the Court was informed of the withdrawal of the FC Leave Application. Since then, parties in the Counterclaims have filed the following applications:

- (i) the Defendants in the Counterclaims filed applications to strike out the Counterclaims filed by Lim Seng Boon and Voon Sze Lin; and
- (ii) Lim Seng Boon and Voon Sze Lin filed applications to amend their respective Counterclaims.

Both applications will be heard on 17 May 2024. The trial for the matter has been fixed on 27.11.2024 to 6.12.2024.

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 on 11 August 2023.

Pursuant to this, on 15 September 2023, the Appellants filed an application at the High Court level to stay the High Court proceedings pending the disposal of this FC Leave application, however this was dismissed on 29 November 2023. On 13 December 2023, pursuant to the Order of the Federal Court and the Court of Appeal dated 14 July 2023, the Court dismissed the Plaintiffs’ appeals against the Defendants with costs of RM126,720.00.

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B11. Material Litigation (Cont'd)

- (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.

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		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profits attributable to ordinary shareholders of the Company (RM'000)	682	1,048	5,166	3,667
Weighted average number of ordinary shares in issue	893,626	893,626	893,626	893,626
Basic & diluted profits per share (sen)	0.08	0.12	0.58	0.41

- (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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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 3 months ended		Cumulative quarter 9 months ended	
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000
Allowance for impairment of receivables	250	-	348	-
Amortisation of intangible assets	11	213	42	659
Depreciation of right-of-use assets	60	175	180	332
Depreciation of plant and equipment	153	254	400	802
Expected Credit Losses	(44)	-	492	-
<u>(Gain)/loss on disposal of property, plant and equipment</u>				
- Gain on disposal of plant and equipment	-	-	-	116
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	14	(2)	(4)	(11)
- Unrealised	16	1,718	(1,283)	(835)
<u>Interest expense/(income)</u>				
- Interest expense	19	19	47	62
- Interest income	(628)	(4)	(1,307)	(5)
Reversal of impairment of receivables	(88)	-	(89)	-

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.