

# **XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

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### Unaudited Condensed Consolidated Statements Of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Preceding Year Corresponding Period
	30 June 2012	30 June 2011	30 June 2012 #	30 June 2011
Note	RM'000	RM'000	RM'000	RM'000
Gross sales	11,022	23,081	85,538	NA
Discount/commissions	(1,834)	(4,688)	(23,833)	NA
Net revenue	9,188	18,393	61,705	NA
Cost of sales	(6,677)	(15,664)	(54,007)	NA
Gross Profit	2,511	2,729	7,698	NA
Other income	65	73	488	NA
Selling and distribution expenses	(1,029)	(2,197)	(14,250)	NA
Administrative expenses	(2,644)	(2,381)	(14,905)	NA
Depreciation and amortisation	707	(370)	(2,314)	NA
Other expenses	(3)	(775)	(838)	NA
Interest expense	(10)	-	(354)	NA
Loss Before Tax	(403)	(2,921)	(24,475)	NA
Income tax expense	-	-	-	-
Loss After Taxation / Total comprehensive expenses	(403)	(2,921)	(24,475)	NA
Loss After Taxation / Total comprehensive expenses				
Attributable to:-				
- Equity holders of the Company	(403)	(2,921)	(24,475)	NA
- Non-controlling interest	-	-	-	-
	(403)	(2,921)	(24,475)	NA
Net Loss Per Share attribute to equity holders of the Company				
- Basic (sen)	(0.13)	(1.1)	(9.98)	NA
- Diluted (sen)	(0.13)	(1.1)	(9.98)	NA

Note: -

NA – Not applicable

# - Year to date ended 30 June 2012 are in respect of the financial period from 1 January 2011 to 30 June 2012.

- The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2010 as disclosed in the prospectus dated 24 May 2011 ("Prospectus") and the accompanying explanatory notes attached to this interim financial statements.
- No comparative figures for the preceding year's corresponding period ended 30 June 2011 are available as this is the sixth interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

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### Unaudited Condensed Consolidated Statements Of Financial Position

	Unaudited As at 30 June 2012 RM'000	Audited As at 31 December 2010 RM'000
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Equipment	28,994	NA
Goodwill	45	NA
<i>Total Non – Current Assets</i>	29,039	NA
<b><u>CURRENT ASSETS</u></b>		
Inventories	794	NA
Trade receivables	7,375	NA
Other receivables, deposits and prepayments	3,954	NA
Short-term investment	8,019	NA
Cash and bank balances	1,012	NA
<i>Total Current Assets</i>	21,154	NA
<b>TOTAL ASSETS</b>	<b>50,193</b>	<b>NA</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
Share capital	30,200	NA
Capital reserve	2,200	NA
Share premium	32,610	NA
Accumulated losses	(57,209)	NA
<i>Total Equity</i>	7,801	NA
<b><u>NON CURRENT LIABILITY</u></b>		
Hire Purchase Payables	580	NA
<b><u>CURRENT LIABILITIES</u></b>		
Trade payables	154	NA
Other payable and accruals	41,483	NA
Tax payable	-	NA
Hire Purchase Payables	175	NA
<i>Total Liabilities</i>	42,392	NA
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,193</b>	<b>NA</b>
Net assets per share attributable to equity holders of the Company (sen) #	2.58	NA

Notes: -

NA – Not applicable

# The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 June 2012 divided by 302,000,000 ordinary shares of RM0.10 each of the Company.

- (a) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2010 as disclosed in the prospectus dated 24 May 2011 ("Prospectus") and the accompanying explanatory notes attached to this interim financial statements.
- (b) No comparative figures for the preceding year's corresponding period are available as this is the sixth interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

### Unaudited Condensed Consolidated Statements Of Changes In Equity

	Share capital RM'000	Capital Reserve RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2011 #	15,940	-	4,140	(30,534)	(10,454)
Issuance of shares	940	-	4,060	-	5,000
Bonus issue	8,000	-	(8,000)	-	-
Acquisition of subsidiaries	140	-	-	-	140
Special Issue	500	2,200	1,300	(2,200)	1,800
Issuance of new shares pursuant to initial public offering	4,680	-	32,760	-	37,440
Total comprehensive expenses for the period	-	-	-	(24,475)	(24,475)
Listing expenses	-	-	(1,650)	-	(1,650)
At 30 June 2012	30,200	2,200	32,610	(57,209)	7,801

#### Notes:-

- # The Company was incorporated on 10 May 2010 and the acquisition of the subsidiaries was completed on 4 April 2011. As the financial statements of one of its subsidiary has been consolidated using the merger method of accounting, the balance brought forward as at 1 January 2011 represents the brought forward balances of the subsidiary.
- (a) The Unaudited Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2010 as disclosed in the prospectus dated 24 May 2011 ("Prospectus") and the accompanying explanatory notes attached to this interim financial statements.
- (b) No comparative figures for the preceding year's corresponding period are available as this is the sixth interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

### Unaudited Condensed Consolidated Statements Of Cash Flow

	Current year to date 30 June 2012 #	Preceding Year Corresponding Period 31 December 2010
NOTE	RM'000	RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss before taxation	(24,475)	NA
Adjustments for:		
Depreciation of equipment	2,314	NA
Loss on asset written off	10	NA
Interest expense	354	NA
Interest income	(396)	NA
Sundry income	(7)	NA
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<b>(22,200)</b>	<b>NA</b>
Increase in inventories	(576)	NA
Increase in trade and other receivables	(7,499)	NA
Increase in trade and other payables	13,817	NA
<b>Cash for operations</b>	<b>(16,458)</b>	<b>NA</b>
Interest paid	(323)	NA
Tax paid	(3)	NA
<b>Net cash for operating activities</b>	<b>(16,784)</b>	<b>NA</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Advances to a subsidiary	^	NA
Interest received	396	NA
Investment in subsidiaries	(38)	NA
Purchase of equipment	(17,448)	NA
<b>Net cash for investing activities</b>	<b>(17,090)</b>	<b>NA</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(196)	
Repayment of short-term bank borrowings	(2,779)	NA
Listing expenses	(1,650)	
Proceeds from issuance of shares	44,380	NA
<b>Net cash from financing activities</b>	<b>39,755</b>	<b>NA</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,881</b>	<b>NA</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	<b>3,150</b>	<b>NA</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR</b>	<b>9,031</b>	<b>NA</b>

**Notes: -**

NA – Not applicable

# - Current year to date ended 30 June 2012 are in respect of the financial period from 1 January 2011 to 30 June 2012.

^ – Amount less than RM1,000

- (a) The Unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2010 as disclosed in the prospectus dated 24 May 2011 ("Prospectus") and the accompanying explanatory notes attached to this interim financial statements.
- (b) No comparative figures for the preceding year's corresponding period are available as this is the sixth interim financial report being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

### A. Explanatory Notes Pursuant To FRS 134

#### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and Appendix 9B of the ACE Market Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”). This is the sixth interim financial report on the consolidated results for the quarter ended 30 June 2012 announced by XOX Bhd (the “Company”) in compliance with the Listing Requirements.

The accounting policies and methods of computation adopted by the Company and its subsidiaries (the “Group”) for this interim financial report are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants’ Report for the financial year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 24 May 2011 and the explanatory notes attached to the interim financial report.

#### 2. Adoption of New and Revised Accounting Policies

- (a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

##### **FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendment to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendment to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendment to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendment to FRS 138: Consequential Amendments Arising from FRS3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments with a Minimum Funding Requirement

Annual Improvements to FRSs (2010)

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### 2. Adoption of New and Revised Accounting Policies (Cont'd)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements other than the following:

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post-acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

- (iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives are not presented by virtue of the exemption given in the amendments.
- (iv) Annual Improvements to FRSS (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the MASB but are not yet effective for the current financial period:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures-Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013

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### 2. Adoption of New and Revised Accounting Policies (Cont'd)

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 1: Government Loans	1 January 2013
Annual Improvements 2012	1 January 2013

The Group's next set of financial statements for the annual period beginning on 1 July 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments).

The adoption of MFRSs in the next financial year is expected to have no material impact on the financial statements of the Group upon their initial application.

### 3. Audit report of the Group's preceding annual financial statements

The Company was incorporated on 10 May 2010. Hence, there were no audited financial statements for the preceding financial year.

The auditors' report for the subsidiaries of the Company's preceding annual audited financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

### 4. Seasonality or cyclical factors

The business of the Group was not affected by any significant seasonal and cyclical factors for the current quarter under review and financial year-to-date.

### 5. Nature and amount of exceptional and extraordinary items

There were no exceptional or extraordinary items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review and financial year-to-date.



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### 6. Changes in estimates

There were no material changes in estimates for the current quarter under review and financial year-to-date.

### 7. Debt and equity securities

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial year to date.

Details of the movements in the Company's shares since incorporation up to the date of this report are as follows:

Date of Allotment / Subdivision	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-Up Share Capital (RM)
10.05.2010	2	1.00	Cash <sup>(1)</sup>	2
04.04.2011	25,019,998	1.00	Acquisition of subsidiaries	25,020,000
04.04.2011	-	0.10	Subdivision of every 1 Share into 10 Shares	25,020,000
04.04.2011	5,000,000	0.10	Special issue	25,520,000
07.06.2011	46,800,000	0.10	Pursuant to Public Issue	30,200,000

Note:-

- (1) There were no discounts, special terms or instalment payment terms provided in relation to this transaction.

### 8. Dividends

No dividends were declared or paid by the Group in the current quarter under review.

### 9. Segment information

No segmental information has been provided as the Company operates principally in Malaysia and in one major business segment.

### 10. Material events subsequent to the end of the reporting period

There were no material event subsequent to the end of the financial period ended 30 June 2012 as at the date of this announcement that have not been reflected in the current quarter under review and financial year-to-date.

### 11. Changes in the composition of the Group

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of our Group on the ACE Market of Bursa Securities, the Company implemented the following:-

#### *Acquisition of Subsidiaries*

- Acquisition of the entire issued and paid-up share capital of XOX Com amounting to RM24,879,998 comprising 24,879,998 ordinary shares of RM1.00 each in XOX Com for a purchase consideration of RM24,879,998 wholly satisfied by the issuance of 24,879,998 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share;
- Acquisition of the entire issued and paid-up share capital of XOX Media amounting to RM100,000 comprising 100,000 ordinary shares of RM1.00 each in XOX Media for a purchase consideration of RM100,000 wholly satisfied by the issuance of 100,000 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share; and
- Acquisition of the entire issued and paid-up share capital of XOX Management Services amounting to RM40,000 comprising 40,000 ordinary shares of RM1.00 each in XOX Management Services for a purchase consideration of RM40,000 wholly satisfied by the issuance of 40,000 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share.

The results of XOX Com were consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is accounted for as merger reserve or deficit. There was no merger reserve or merger deficit arising from the acquisition of XOX Com.

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### 11. Changes in the composition of the Group (Cont'd.)

The results of XOX Media and XOX Management Services were consolidated using the purchase method. Under the purchase method, the results of XOX Media and XOX Management Services are included from the date of acquisition. At the date of acquisition, the fair values of XOX Media and XOX Management Services's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by XOX in exchange for control of XOX Media and XOX Management Services, plus any costs directly attributable to the business combination.

On 27 June 2011, the Company increased its investment in its wholly owned subsidiary, XOX COM Sdn Bhd by subscribing 8,120,002 ordinary shares of RM1.00 each for a cash consideration of RM8,120,002.

On 4 August 2011, the Company acquired the entire issued and paid up share capital of XOX Wallet Sdn Bhd, which is incorporated in Malaysia under the Companies Act, 1965 with an authorized share capital of RM100,000 each comprising 100,000 ordinary shares of RM1.00 each and a paid up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00. On 5 August 2011, the Company subscribed another 99,998 ordinary shares of RM1.00 each in XOX Wallet Sdn Bhd for a cash consideration of RM99,998. XOX Wallet Sdn Bhd became a wholly owned subsidiary of the Company after the above subscription.

### 12. Contingent liabilities and assets

There was approximately RM49.8 million due to one of the main suppliers of the Group. Out of the amount, approximately RM12.1 million was due to possible billing errors and billing reconciliations with the said supplier. The balance of the difference of RM37.7 million relate to the shortfall in the minimum commitment level for 2012. Pursuant to the Mobile Virtual Network Operator ("MVNO") services agreement signed between XOX COM Sdn Bhd (a wholly owned subsidiary of the Company) and the said supplier, the minimum commitment level to the said supplier for the year 2012 is RM109 million respectively. For the 6 months ended 30 June 2012, there is a shortfall in the minimum commitment amounting to RM37.7 million.

The differences have not been provided for in the accounts of the Group as the management of the Group has been having regular meetings with the said supplier and the said supplier is receptive in waiving the aforementioned minimum commitment level as well as resolving the RM12.1 million billing issues.

However, had this amount been provided for in the results ended 30 June 2012, the loss for the 18 months financial period ended 30 June 2012 would be RM74.3 million and the shareholders' deficit would amount to RM42 million. This would trigger certain Prescribed Criteria set out in Guidance Note 3 of the ACE Market Listing Requirements ("GN3"), which indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Save as disclosed above, there are no other material contingent liabilities or assets which may have material effect on the financial position of the Group as the date of this announcement.

### 13. Equipment

The Group acquired an additional equipment amounting to approximately RM2 million and RM17 million in the current quarter under review and cumulative up to the 6th quarter ended 30 June 2012 respectively.

### 14. Capital commitment

Authorised capital expenditure not provided for in the interim financial report at the end of the current quarter under review are as follows:-

Approved and contracted for:	RM'000
- Equipment	<u>6,142</u>

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### 15. Significant related party transactions

#### (a) Identities of related parties

- (i) the Company has a controlling related party relationship with its subsidiaries;
- (ii) the directors who are the key management personnel; and
- (iii) entities controlled by certain key management personnel, directors and/or substantial shareholders.

#### (b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following significant transactions with the related parties during the financial year:-

##### i. Key management personnel

	The Group	
	Year-to-date Ended 30 June 2012 RM'000	Preceding corresponding period 30 June 2011 RM'000
Short-term employee benefits	<u>2,305</u>	<u>NA</u>

### 16. Cash and cash equivalents

	Current year To-date 30 June 2012 RM'000
Short-term investment	8,019
Cash and bank balances	<u>1,012</u>
	<u>9,031</u>

### 17. Other investments

Save for the short-term investment in the bank disclosed in Section A.16, there were no other investments during the current quarter under review and financial year-to-date.

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### B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities

#### 1. Detailed analysis of the performance of the Group

During the period under review, XOX Group (“XOX”) acquired approximately 41,000 new subscribers increasing its cumulative registered subscribers by approximately 3% to 1,315,000 as at 30 June 2012 from 1,274,000 as at 31 March 2012. XOX recorded a total revenue for the period under review of RM11.022 million, an increase of RM2.182 million from RM8.840 million in the quarter ended 31 March 2012.

The mobile telecommunications market continues to be extremely competitive with competitors aggressively trying to gain or maintain market share with ongoing promotion and campaigns. In addition, subscribers’ usage behavior have been changing from traditional voice, SMS and MMS to free Internet Protocol calls, free SMS and free instant messaging services utilizing data arising from the increasing numbers of smartphone users using mobile applications such as WhatsApp, Viber, Line or MiTalk.

XOX has continued to develop and enhance its products to counter the above mentioned market competitiveness. Some of these have been launched during the quarter and more would be launched in the upcoming period. There has been some successes in the acceptance of these enhancements during the quarter but there will be some gestation period for these enhancements before subscribers’ will significantly take up on it.

In the previous quarter, XOX has optimized its selling and distribution costs to focus on subscriber retention and the acquisition of quality subscribers. The positive impact of the reductions continues through this quarter. XOX has been working to gather acceptance by XOX’s distribution network and refocus the selling processes by the network and is working to build up its sales from that direction.

XOX has reassessed the useful life of its telecommunications equipment from 5 years to 10 years starting 1 January 2011 and have accordingly revised its depreciation rate of those equipments. A one-time adjustment has been made during the current quarter as a result of the assessment. This has resulted in a reversal of RM1.2million in depreciation charged for the financial period.

#### 2. Material changes in loss before taxation compared to the preceding quarter

	Current Quarter 30 June 2012	Preceding Quarter 31 March 2012
	RM’000	RM’000
Revenue	11,022	8,841
Loss Before Tax	(403)	(3,792)
Loss After Tax	(403)	(3,792)
Cumulative registered subscribers (‘000)	1,315	1,274
ARPU (RM) – cumulative <sup>(a)</sup>	14.02	14.19

<sup>(a)</sup> – Current quarter cumulative ARPU refers to ARPU from 1 January 2011 to 30 June 2012 and preceding quarter cumulative ARPU refers to ARPU from 1 January 2011 to 31 March 2012.

Revenue for the current quarter under review increased by approximately 3% as compared to the preceding quarter due to the launch of some new or enhanced products and the gradual acceptance from XOX’s distribution network of the refocus in the sales strategy as mentioned in Section B1 above.

The loss before tax has reduced from the previous quarter due to the higher sales, the cost reduction from the optimization of the selling and distribution costs and the depreciation adjustment as mentioned in Section B1 above.

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### 3. Prospects and business outlook

Our Group is currently facing a challenging operating environment due to intense competitive pressure from existing and new competitors, rapid technological changes in mobile applications through the use of smart-phones and fast changing consumer preferences. The mobile telecommunications industry, as a whole, is currently facing a systematic erosion in ARPU levels due to the gradual substitution of traditional voice, SMS and MMS usage with increased usage of mobile applications like WhatsApp, Viber, Line or MiTalk for IP calls, SMS and MMS services.

Notwithstanding the above, our Group remains committed in maintaining its focus on introducing innovative products and services to expand our subscriber base in accordance with the fast changing trends in the mobile telecommunications industry. XOX's management is cognizant of the challenges faced by the mobile telecommunications industry as a whole and has taken steps to mitigate the lower than expected revenue as a result of decreasing voice, SMS and MMS usage.

In view of the changing consumer behavior in using more mobile applications on smart-phones to communicate and the erosion in traditional voice, SMS and MMS revenues, our management has taken steps to realign our Group's focus to ensure that it is in line with current consumer trends. XOX Group has realigned and re-focused some of its business services to ensure that it is in line with current consumer trends using more mobile applications for voice, SMS and MMS in their daily communications. Specific examples include the following:

- Focus and promotion on the more attractive data plans launched in the fourth quarter of 2011;
- Further enhancement of certain features of the data plans in the current quarter;
- Introduction of a new product offering SIM-Free mobile numbers with mobile service through a mobile application brand named Voopee in February 2012 with continuous Voopee updates and upgrades; and
- Introduction of the Social Network Portal in March 2012 where customers can buy Starter Packs online and perform Mobile Number Portability ("MNP") online.

XOX has launched a beta version of its SIM-Free mobile number mobile service application under the brand name Voopee on 1 February 2012. Voopee is currently available to Android smart-phone users. An iOS version for the iPhone is expected to be launched in the third quarter of 2012. The official media launch of Voopee was done on 8 May 2012.

The Group's financial performance is dependent on the growth of its subscriber base and the average monthly revenue from the sales of recharge voucher per subscriber which is expected to be supported by the following factors:-

- a) Expected wider acceptance and availability of the Group's products and services amongst its target market via campaigns initiated in the past and increased new distribution channel via the Social Network Portal which allow our Group's subscribers wider access to recharge vouchers, as well as increase in traditional trade channels;
- b) Realignment of existing and addition of new large distributor;
- c) Sales to groups of users within a community or organisation;
- c) Introduction of new products and services such as special 3G data packs and feature enhancements to data plans.

The Business Cooperation Agreement entered between XOX Group and IDOTTV Sdn Bhd on 8 August 2011 is also expected to contribute positively to the results of XOX in 2012. In this business arrangement, XOX has agreed to allow IDDOTV to exclusively offer at least RM50 million worth of telecommunication airtime per working day to all the relevant financial institutions secured by IDDOTTV Sdn Bhd. The Shariah Advisory Council has approved the IDDOTV's Trading System and the user acceptance test was completed by the financial institution on 28 May 2012. The provision of telecommunication air time to the relevant financial institutions has commenced on 11 July 2012. The arrangement is expected to contribute positively to the consolidated earnings of XOX from the third quarter of 2012 onwards.

### 4. Profit forecast

The Board of Directors wishes to inform that the XOX Group did not have any profit forecast for the cumulative quarter ended 30 June 2012. In the announcement made for the quarter ended 31 December 2011, there was a detailed analysis done on the profit forecast for the 12 months financial period ended 31 December 2011 (which was set out in its Prospectus dated 24 May 2011) as compared with the unaudited results.

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### 5. Loss before tax

	Current Quarter 30 June 2012	Year-to-Date 30 June 2012
	RM'000	RM'000
Interest income	(53)	(396)
Provision for and write off of receivables	-	-
Depreciation on plant and equipment	(707) <sup>1</sup>	2,314
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Realised foreign exchange loss	86	65
Impairment of assets	-	-
(Gain)/loss on derivatives	-	-
Exceptional items	-	-

<sup>1</sup> Please refer to Note B.1 for further explanation.

### 6. Income Tax Expense

	Current Quarter 30 June 2012	Year-to-Date 30 June 2012
	RM'000	RM'000
Income tax expense	-	-

No provision for income tax expense made as the Group has no assessable profits subject to Malaysia tax for current quarter under review and financial year-to-date.

### 7. Gain or loss on disposal of quoted and/or unquoted investments and/or properties

There were no disposal of quoted, unquoted and/or properties for the current quarter and financial year to date.

### 8. Corporate proposals

There are no corporate developments for the current quarter under review.

### 9. Status of corporate proposals and utilisation of proceeds

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of our Group on the ACE Market of Bursa Securities, the Company implemented the following:-

(i) *Bonus Issue by XOX Com*

Bonus Issue of 7,999,998 new ordinary shares of RM1.00 each in XOX Com to all existing shareholders of XOX Com on the basis of approximately one (1) new ordinary share of RM1.00 each for every two (2) existing ordinary shares of RM1.00 each in XOX Com. The Bonus Issue by XOX Com was completed prior to the Acquisition of Subsidiaries by our Group.

(ii) *Acquisition of Subsidiaries*

(a) Acquisition of the entire issued and paid-up share capital of XOX Com amounting to RM24,879,998 comprising 24,879,998 ordinary shares of RM1.00 each in XOX Com for a purchase consideration of RM24,879,998 wholly satisfied by the issuance of 24,879,998 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share;

(b) Acquisition of the entire issued and paid-up share capital of XOX Media amounting to RM100,000 comprising 100,000 ordinary shares of RM1.00 each in XOX Media for a purchase consideration of RM100,000 wholly satisfied by the issuance of 100,000 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share; and

(c) Acquisition of the entire issued and paid-up share capital of XOX Management Services amounting to RM40,000 comprising 40,000 ordinary shares of RM1.00 each in XOX Management Services for a purchase consideration of RM40,000 wholly satisfied by the issuance of 40,000 new ordinary shares of RM1.00 each in XOX at an issue price of RM1.00 per ordinary share.

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### 9. Status of corporate proposals and utilisation of proceeds (Cont'd)

- (iii) *Share Split*  
The Share Split involving the sub-division of every one (1) existing ordinary share of RM1.00 each in our Group into ten (10) ordinary shares of RM0.10 each.
- (iv) *Special Issue*  
The Special Issue of 5,000,000 new ordinary shares of RM0.10 each to the selected pioneer management team of our Group at an issue price of RM0.36 per Share.
- (v) *Public Issue*  
The Public Issue of 46,800,000 new XOX Shares ("Public Issue Shares") at Issue price of RM0.80 per Share.
- (vi) *Listing*  
Upon listing on 10 June 2011, the entire enlarged issued and paid-up share capital of the Company comprised 302,000,000 Shares on the ACE Market of Bursa Securities.
- (vii) *Utilisation of IPO proceeds*

The status of the gross proceeds of RM37.4 million from the Public Issue is as follows:-

Purpose	Total Proceeds allocated as per Prospectus dated 24 May 2011 RM'000	Revised Proceeds allocated as per announcement dated 13 Oct 2011 RM'000	Actual Utilisation Amount		Balance Amount RM'000	Intended Timeframe for utilisation
			RM'000	%		
(i) Payment to creditor	5,000	4,927	4,927	100%	-	Within 3 months after listing
(ii) Capital expenditure	6,200	11,200	10,014	89%	1,186	Within 12 months after Announcement dated 13 Oct 2011
(iii) Working capital	23,200	18,273	14,952	82%	3,321	Within 12 months after Announcement dated 13 Oct 2011
(iv) Estimated listing expenses	3,000	3,000	3,000	100%	-	Immediate
<b>Total</b>	<b>37,400</b>	<b>37,400</b>	<b>32,893</b>		<b>4,507</b>	

Note: IPO proceeds will be utilised within the estimated timeframe. The Group does not expect any material deviation as at the date of this report.

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### 10. Group Borrowings

Save for the following secured borrowings, there were no borrowings during the current quarter under review and financial year-to-date.

	Unaudited As at 30 June 2012
	RM'000
<b>Secured</b>	
<b>Hire purchase</b>	
Short-term	175
Long-term	580

The hire purchase payables are pertaining to the acquisition of motor vehicles.

As at 30 June 2012, the Group does not have any foreign currency denominated borrowings.

### 11. Material litigation

XOX Com Sdn Bhd, a wholly-owned subsidiary of the Company was served a writ summon and statement of claim by one of its supplier on 30 July 2012. The details of the summon and statement of claim was announced by the Company on 6 August 2012. The Company is currently seeking the necessary legal advice to resolve, defend and/or counter-claim against this matter. Further announcement on the development of the matter will be made to Bursa Malaysia Securities Berhad in due course.

Save for the above, there were no other litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which has a material effect on the financial position of the Group.

### 12. Realised and Unrealised Losses Disclosure

The accumulated losses as at 30 June 2012 and 31 December 2010 are analysed as below:

	Current Financial Year	Preceding Financial Year
	RM'000	RM'000
Total Accumulated Losses :		
- Realised	(57,209)	NA
- Unrealised	-	NA
Total Group Accumulated Losses	(57,209)	NA

Note: -  
NA – Not applicable



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### 13. Net loss per share

	<b>Quarter Ended</b> <b>30 June 2012</b>	<b>Preceding Year Corresponding Quarter</b> <b>30 June 2011</b>	<b>Year to Date Ended</b> <b>30 June 2012</b>	<b>Year to Date Ended</b> <b>31 December 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net Loss attributable to equity holders of the company	(403)	(2,921)	(24,475)	NA
Weighted average number of ordinary shares in issue ('000)	302,000	257,587	245,179	NA
Net Loss Per Share - Basic (sen)	(0.13)	(1.1)	(9.98)	NA

Note: -

NA – Not applicable

The fully diluted loss per share is not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

### 14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 August 2012.