

XOX BHD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2015

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Unaudited Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31 March 2015	Preceding Year Corresponding Quarter 31 March 2014	Year to Date 31 March 2015	Preceding Year Corresponding Period 31 March 2014
Note	RM'000	RM'000	RM'000	RM'000
Revenue	26,219	11,510	63,037	37,483
Cost of sales	(14,108)	(7,097)	(34,994)	(24,134)
Gross Profit	12,111	4,413	28,043	13,349
Other income	62	26	807	107
Selling and distribution expenses	(5,009)	(2,255)	(11,963)	(4,442)
Administrative expenses	(4,718)	(2,791)	(12,173)	(8,288)
Other expenses	(1,242)	(1,208)	(3,596)	(3,376)
Finance costs	(29)	(11)	(59)	(47)
Profit/(Loss) Before Tax	B5 1,175	(1,826)	1,059	(2,697)
Income tax expense	B6 4	18	(10)	12
Profit/(Loss) After Taxation / Total comprehensive expenses	1,179	(1,808)	1,049	(2,685)
Profit/(Loss) After Taxation / Total comprehensive expenses				
Attributable to:-				
- Equity holders of the Company	429	(1,810)	149	(2,539)
- Non-controlling interest	750	2	900	(146)
	1,179	(1,808)	1,049	(2,685)
Net Profit/ (Loss) Per Share attribute to equity holders of the Company				
- Basic (sen)	B12 0.13	(0.57)	0.04	(0.83)
- Diluted (sen)	B12 0.13	(0.57)	0.04	(0.83)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Financial Position

	Unaudited As at 31 March 2015 RM'000	Audited As at 30 June 2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	31,008	31,383
Total Non – Current Assets	31,008	31,383
CURRENT ASSETS		
Inventories	673	746
Trade receivables	29,946	27,998
Other receivables, deposits and prepayments	7,427	5,206
Short-term investment	20	20
Cash and bank balances	9,122	751
Total Current Assets	47,188	34,721
TOTAL ASSETS	78,196	66,104
EQUITY AND LIABILITIES		
Share capital	33,200	33,200
Capital reserve	2,200	2,200
Share premium	32,730	32,730
Accumulated losses	(49,916)	(50,065)
Total Equity	18,214	18,065
Non-controlling interest	636	(304)
	18,850	17,761
NON CURRENT LIABILITY		
Hire Purchase Payables	615	101
Deferred tax liabilities	-	-
	615	101
CURRENT LIABILITIES		
Trade payables	30,639	20,345
Other payable and accruals	28,048	26,900
Hire purchase payables	44	97
Amount due to former director	-	900
Total Liabilities	58,731	48,242
TOTAL EQUITY AND LIABILITIES	78,196	66,104
Net assets per share attributable to equity holders of the Company (sen) #	5.49	5.44

Notes: -

- # The net assets per share attributable to equity holders of the Company is computed based on the net assets divided by 332,000,000 ordinary shares of RM0.10 each of the Company.
- (a) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital RM'000	Capital Reserve RM'000	Share premium RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 July 2014	33,200	2,200	32,730	(50,065)	(304)	17,761
Total comprehensive expenses for the period	-	-	-	149	900	1,049
Acquisition of non-controlling shareholder interest	-	-	-	-	40	40
At 31 March 2015	33,200	2,200	32,730	(49,916)	636	18,850
At 1 July 2013	30,200	2,200	32,610	(48,812)	19	16,217
Issuance of shares pursuant to private placement	3,000	-	300	-	-	3,300
Private placement share issue expenses	-	-	(180)	-	-	(180)
Total comprehensive expenses for the period	-	-	-	(2,539)	(146)	(2,685)
At 31 March 2014	33,200	2,200	32,730	(51,351)	(127)	16,652

Notes:-

The Unaudited Condensed Consolidated Statement of Changes to Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Cash Flow

	9 Months Ended 31 March 2015	Preceding Year Corresponding 9 Months Ended 31 March 2014
NOTE	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit /(Loss) before taxation	1,059	(2,697)
Adjustments for:		
Depreciation of equipment	3,371	3,209
Loss on disposal of fixed assets	-	19
Interest expense	8	24
Interest income	(7)	(5)
Impairment on trade receivable	1,203	-
Impairment on trade receivable recovered	(1,661)	-
Impairment of inventory	72	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,045	550
Increase /(Decrease) in inventories	1	(116)
Increase in trade and other receivables	(3,711)	(11,921)
Decrease in trade and other payables	10,541	10,300
Cash for operations	11,876	(1,187)
Interest paid	(8)	(24)
Tax paid	(10)	(18)
Net cash generated from /(used in) generated from operating activities	10,858	(1,229)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7	5
Purchase of equipment	(2,996)	(1,971)
Proceeds from sale of equipment	-	280
Investment from non-controlling interest	40	-
Net cash used in investing activities	(2,949)	(1,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(87)	(358)
Drawdown of hire purchase	549	-
Net proceeds from issuance of shares	-	3,120
Net cash from financing activities	462	2,762
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,487)	(153)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	771	265
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9,142	112

Notes: -

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2015

A. Explanatory Notes Pursuant To MFRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and Appendix 9B of the ACE Market Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial report should be read in conjunction with the latest audited financial statements of XOX Bhd ("XOX" or the "Company") and its subsidiaries ("Group") for the financial year ended 30 June 2014.

The accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2014.

Adoption of new and amended standards and interpretation

During the financial year, the Group have adopted the following amendments to MFRSs and IC Interpretation which are effective and mandatory for the current financial year:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle	
Annual Improvements to MFRSs 2011 – 2013 Cycle	

Adoption of above amendments to MFRSs and IC Interpretation did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The Group have not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group.

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Invest or and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle		1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 And MFRS 128	Investment Entities : Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IMFRS 9 issued by IASB in July 2014)	1 January 2018

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The Group intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 (2009)) introduced new requirements for the classification and measurement of financial assets. It was subsequently amended by MFRS 9 (IFRS 9 (2010)) to include requirements for the classification and measurement of financial liabilities and for derecognition, and MFRS 9 (IFRS 9 as amended by IASB in November 2013) to include new requirements for general hedge accounting. Another version of MFRS 9 (IFRS 9 issued by IASB in July 2014) was issued to include:

- (a) impairment requirements for financial assets; and
- (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- (a) all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income, with only dividend income generally recognised in profit or loss.
- (b) with regard to the classification and measurement of financial liabilities and derecognition of financial instruments, these requirements have been relocated from MFRS 139, without change, except for financial liabilities that are designated as at fair value through profit or loss. Entities with financial liabilities designated as at fair value through profit or loss recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income, unless it would create or enlarge an accounting mismatch in profit or loss. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity. Under MFRS 139, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.
- (c) in relation to impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- (d) the new general hedge accounting represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

An entity is allowed to change the accounting for financial liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

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

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- 2. Audit report of the Group's preceding annual financial statements**

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 30 June 2014.
- 3. 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.
- 4. 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.
- 5. Changes in estimates**

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

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 quarter and financial year to date.
- 7. Dividends**

No dividends were declared or paid by the Group in the current quarter under review.
- 8. Segment information**

Segmental information are neither included in the internal management reports nor provided regularly to the Management as the Group operates principally in Malaysia and in one major business segment. Accordingly, there are no segmental information disclosures.
- 9. Material events subsequent to the end of the reporting period**

On 23 February 2015, on behalf of the Board of Directors of XOX, TA Securities has announced that Bursa Securities had, vide its letter dated 18 February 2015, approved the following Proposals:

 - a. Admission to the Official List and the listing and quotation of up to 356,000,000 Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
 - b. Listing of up to 190,000,000 new XOX Shares to be issued pursuant to the Proposed Restricted Issue;
 - c. Listing of up to 356,000,000 new XOX Shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
 - d. Listing of up to 356,000,000 new XOX Shares to be issued pursuant to the exercise of the Warrants arising from the Proposed Rights Issue of Shares with Warrants; and
 - e. Listing of such number of new XOX Shares representing up to 30% of the issued and paid-up ordinary share capital of XOX (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options under the Proposed SIS.

The approval by Bursa Securities for the Proposed Restricted Issue and Proposed Rights Issue of Shares with Warrants is subject to the following conditions:

 - a. XOX and TA Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements ("ACE LR") pertaining to the implementation of the Proposed Restricted Issue and Proposed Rights Issue of Shares with Warrants;
 - b. XOX and TA Securities to inform Bursa Securities upon the completion of the Proposed Restricted Issue and Proposed Rights Issue of Shares with Warrants respectively;
 - c. XOX to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Restricted Issue and Proposed Rights Issue of Shares with Warrants are completed; and
 - d. XOX to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of Warrants) as at end of each quarter together with a detailed computation of listing fees payable.

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The approval by Bursa Securities for the Proposed SIS is subject to the following conditions:

- a. TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the SIS pursuant to Rule 6.44 of the ACE LR and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders approving the Proposed SIS in general meeting; and
- b. XOX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS Shares listed as at the end of each quarter together with a detailed computation of listing fees payable.

On 6 March 2015, Circular to shareholders in relation to the following Proposals was issued out:-

- (I) Proposed share premium reduction;
- (II) Proposed par value reduction;
- (III) Proposed share consolidation;
- (IV) Proposed restricted issue;
- (V) Proposed rights issue of shares with warrants;
- (VI) Proposed SIS;
- (VII) Proposed IASC; and
- (VIII) Proposed Amendment

On 30 March 2015, shareholders of XOX have at its Extraordinary General Meeting ("EGM") passed all the resolutions as set out in the Circular and Notice of EGM.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

11. Contingent liabilities and assets

There are no material contingent liabilities or assets which may have material effect on the financial position of the Group as the date of this announcement.

12. Equipment

The Group acquired additional equipment amounting to approximately RM1,787,000 and RM2,996,000 in the current and cumulative quarter under review respectively.

13. Capital commitment

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

	RM'000
Approved and contracted for:	
- Equipment	156

14. 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 quarter:

	Current quarter 31 March 2015 RM'000	Preceding year corresponding quarter 31 March 2014 RM'000
(i) Key management personnel compensation: Short-term employee benefits	303	228

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15. Cash and cash equivalents

	As At 31 March 2015 RM'000	As At 31 March 2014 RM'000
Short-term investment	20	9
Cash and bank balances	9,122	103
	<u>9,142</u>	<u>112</u>

16. Other investments

Save for the short-term investment placed with a bank disclosed in Section A.15, 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. Performance of the current quarter and financial year-to-date against preceding year corresponding quarter and year-to-date

XOX recorded revenue of approximately RM26.22 million for the current quarter under review and RM63.04 million for the cumulative period year to date, or an increase of RM14.71 million from the previous year's corresponding quarter and RM25.55 million for the cumulative period year to date. XOX continues to improve its revenue by focusing on its product branding, subscribers retention and quality subscriber acquisition.

XOX recorded a profit before taxation of RM1.18 million for the current quarter under review compared to loss before taxation of RM1.83 million in the previous year's corresponding quarter. The improvement in performance was contributed mainly from the higher revenues offset partly by higher administrative, selling & distribution expenses in line with higher revenue reported.

XOX recorded a profit before taxation of RM1.06 million for the cumulative period year to date compared to loss of RM2.70 million in the previous year's corresponding cumulative period year to date. The improvement in the profit before taxation is mainly due to the increased in revenues and consolidation of results of new subsidiary.

2. Performance of the current quarter against the preceding quarter

	Current Quarter 31 March 2015	Preceding Quarter 31 December 2014
	RM'000	RM'000
Revenue	26,219	19,566
Earnings Before Interest Taxes Depreciation and Amortisation	2,315	1,347
Profit after tax	1,179	222

Sales revenue increased due to higher growth in subscriber acquisitions and data usage experienced during the quarter compared to the previous quarter.

Consequently, earnings before interest taxes depreciation and amortisation (EBITDA) and profit before taxation increased compared with the preceding quarter in tandem with the higher sales revenue recorded.

3. Prospects and business outlook

The Board of Directors will continue to take steps for the Group to report favourable results for the coming years even though we anticipate challenges ahead coupled with the impact of GST implication for telco industry.

Notwithstanding the above, the Group remains committed in maintaining its focus on introducing innovative products and services to expand our Group's subscriber base in accordance with the fast changing trends in the mobile telecommunications industry.

In view of the continued strength in demand for data communication services, we have realigned and planed our Group's focus to ensure that it is in line with current consumer trends. Continued marketing activities include additional promotion and enhancements on data plans, subscriber growth from the Group's SIM-free mobile application brand named Voopee, online promotion and activities to promote focussed advertising and branding messages to target customers.

The Board is confident that the performance of the Group to be satisfactory with various products and initiatives planned and in place to strengthen its competitiveness amid increased competition and tougher operating environment of the telecommunication industry.

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4. Profit forecast

The Board of Directors wishes to inform that the XOX Group did not issue any profit forecast.

5. Profit/(Loss) before tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>31 March</u> 2015	<u>31 March</u> 2014	<u>31 March</u> 2015	<u>31 March</u> 2014
	RM'000	RM'000	RM'000	RM'000
Interest income	5	3	7	5
Interest expense	3	3	8	24
Provision for and write off of/(Reversal of) receivables	-	(434)	(458)	(1,508)
Depreciation on plant and equipment	1,142	1,067	3,371	3,209
Impairment, provision for and write off of inventories	72	-	72	-
Impairment on trade receivables	-	-	1,203	-
Reversal of impairment on trade receivables	-	-	(1,661)	-

6. Income Tax Expense

The reconciliation of income tax expenses applicable to the loss before taxation at the statutory tax rate to income tax expenses at the effective tax rate are as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>31 March</u> 2015	<u>31 March</u> 2014	<u>31 March</u> 2015	<u>31 March</u> 2014
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	1,175	(1,826)	1,059	(2,697)
Tax at statutory rate of 25%	294	(457)	265	(674)
Expenses not deductible for tax purposes	197	61	510	292
Income not subject to tax	(5)	(433)	(1,210)	(1,498)
Deferred tax not recognised	(490)	811	445	1,868
Income tax expenses	(4)	(18)	10	(12)

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 and utilisation of proceeds

There were no corporate proposals for the current quarter under review.

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9. Group Borrowings

Except for the additional Hire Purchase borrowing of RM549k, there were no other borrowings during the current quarter under review and financial year-to-date.

	As at 31 March 2015	As at 30 June 2014
	RM'000	RM'000
Hire purchase		
Short-term	44	97
Long-term	615	101

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

The Group does not have any foreign currency denominated borrowings.

10. Material litigation

There were no 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.

11. Realised and Unrealised Losses Disclosure

	As at 31 March 2015	As at 30 June 2014
	RM'000	RM'000
Total accumulated losses:		
- Realised	(49,613)	(49,762)
- Unrealised	(303)	(303)
	(49,916)	(50,065)

12. Net Profit/(Loss) per share

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	RM'000	RM'000	RM'000	RM'000
Net Profit/(Loss) attributable to equity holders of the company	429	(1,810)	149	(2,539)
Weighted average number of ordinary shares in issue ('000)	332,000	315,667	332,000	306,489
Net Profit/(Loss) Per Share - Basic (sen)	0.13	(0.57)	0.04	(0.83)

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.

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13. Limited Review by External Auditor

The external auditor of the Company has conducted a limited review of the above quarterly announcement.