



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 2018

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Requirements (“Bursa Securities LR”)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Description	INDIVIDUAL PERIOD (1ST QUARTER)		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Revenue	57,391	45,344	57,391	45,344
Operating Expenses	(57,069)	(45,152)	(57,069)	(45,152)
Other Income	12	642	12	642
Finance Costs	(58)	(31)	(58)	(31)
Profit Before Tax	276	803	276	803
Tax Expenses	(74)	(46)	(74)	(46)
Profit After Tax/Total Comprehensive Income	202	757	202	757
Profit After Tax/Total Comprehensive Income Attributable to:				
- Ordinary Equity Holders of the Parent	52	843	52	843
- Non-controlling Interest	150	(86)	150	(86)
	202	757	202	757
Earnings per Share Attributable To Equity Holders of the Parent				
- Basic (sen)	0.01	0.10	0.01	0.10
- Diluted (sen)	0.01	0.10	0.01	0.10

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 2018 and the accompanying explanatory notes attached to this interim financial statements.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 8).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 2018
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Description	Unaudited As at 30 September 2018 RM'000	Audited As at 30 June 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	86,706	82,328
Other investment	2,083	2,724
<i>Total Non-Current Assets</i>	88,789	85,052
CURRENT ASSETS		
Inventories	10,312	9,260
Trade receivables	21,535	20,464
Other receivables, deposits and prepayments	32,507	32,118
Tax recoverables	266	214
Cash and short term deposits	7,157	12,565
<i>Total Current Assets</i>	71,777	74,621
TOTAL ASSETS	160,566	159,673
EQUITY AND LIABILITIES		
Share capital	122,455	122,455
Capital reserve	2,200	2,200
Warrant reserves	19,741	19,741
Other reserves	(19,741)	(19,741)
Exchange reserves	3	(3)
Share Issuance Scheme Options Reserve	1,087	1,124
Accumulated losses	(7,361)	(7,450)
<i>Total Equity</i>	118,384	118,326
Non-controlling interest	810	660
	119,194	118,986
NON CURRENT LIABILITY		
Finance lease payables	3,990	1,445
Deferred tax liabilities	71	52
	4,061	1,497
CURRENT LIABILITIES		
Trade payables	23,197	22,140
Other payable and accruals	12,991	16,478
Finance lease payables	1,123	572
	37,311	39,190
TOTAL LIABILITY	41,372	40,687
TOTAL EQUITY AND LIABILITIES	160,566	159,673
Net assets per share attributable to equity holders of the Company	11.92	11.91

Notes: -

The net assets per share attributable to equity holders of the Company is computed based on the net assets divided by 993,094,175 ordinary shares of the Company. 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 2018 and the accompanying explanatory notes attached to this interim financial statements.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 8).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent Non-distributable							Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Translation Reserves RM'000	Share Issuance Scheme Option Reserve RM'000	Accumulated Losses RM'000			
At 1 July 2018	122,455	2,200	19,741	(19,741)	(3)	1,124	(7,450)	118,326	660	118,986
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	-	52	52	150	202
Share base payment transactions	-	-	-	-	-	(37)	37	-	-	-
Other comprehensive income during the financial period	-	-	-	-	6	-	-	6	-	6
At 30 September 2018	122,455	2,200	19,741	(19,741)	3	1,087	(7,361)	118,384	810	119,194
At 1 July 2017	107,637	2,200	19,741	(19,741)	-	5,931	(6,703)	109,065	605	109,670
Net profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period	-	-	-	-	-	-	843	843	(86)	757
Share base payment transactions	-	-	-	-	-	(37)	37	-	-	-
At 30 September 2017	107,637	2,200	19,741	(19,741)	-	5,894	(5,823)	109,908	519	110,427

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 2018 and the accompanying explanatory notes attached to this interim financial statements.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 8).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Description	NOTE	Cumulative Quarter Ended 30 September 2018 RM'000	Preceding Year Corresponding 3 Months Ended 30 September 2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES			
Profit before taxation		276	803
Adjustments for:			
Depreciation of property, plant and equipment		2,180	1,993
Gain on disposal of other investment		-	(606)
Impairment loss on:			
- Other investment		641	-
Interest expense		58	31
Interest income		(2)	(8)
Unrealised loss on foreign exchange		(7)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,146	2,213
Changes in working capital:			
Inventories		(1,052)	(795)
Trade and other receivables		1,433	(97)
Trade and other payables		(2,416)	(4,741)
		(2,035)	(5,633)
Cash from/(used in) operations		1,111	(3,420)
Interest received		2	8
Interest paid		(58)	(31)
Tax paid		(107)	(72)
Tax refund		-	19
		(163)	(76)
Net cash from/(used in) operating activities		948	(3,496)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,251)	(1,100)
Proceeds from disposal of other investments		-	3,567
Net cash (used in)/from investing activities		(3,251)	2,467
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase payables		(211)	(128)
Net cash used in financing activities		(211)	(128)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,514)	(1,157)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		9,671	16,593
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		7,157	15,436

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 2018 and the accompanying explanatory notes attached to this interim financial statements.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 8).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 30 SEPTEMBER 2018

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 Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The unaudited 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 2018.

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 2018 except for the followings new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) that came into effect for the financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instrument
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and measurement of Share-based payment Transactions
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle:	
• Amendments to MFRS 1	
• Amendments to MFRS 128	

The initial adoption of the above MFRS & Amendments to MFRSs did not have any significant impacts on the interim financial statements of the Group.

2. Seasonality or cyclicity 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.

3. 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.

4. Changes in estimates

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

5. Debt and equity securities

There were no other 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.

6. Dividends Paid

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



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7. Segment information

Segmental information is 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 that is in the provision of mobile communication services and its related products.

8. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of this current quarter that have not been reflected in the financial statement for this current financial quarter under review other than as disclosed below.

On 5 September 2018, the Company announced that it proposes to undertake the private placement of new ordinary shares in XOX of up to 10% of the existing total number of issued shares of the Company to third party investor(s).

On 13 September 2018, the Company announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) had approved the listing and quotation of up to 99,309,417 new XOX Shares to be issued pursuant to the proposed private placement.

The Private Placement has been completed following the listing and quotation of 99,300,000 Placement Shares on the Ace Market of Bursa Securities on 26 October 2018.

9. Changes in the composition of the Group

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

10. 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.

11. 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	<u>7,796</u>

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12. 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 30 September 2018 RM'000	Preceding year corresponding quarter 30 September 2017 RM'000
(i) Key management personnel compensation: Short-term employee benefits	400	438
(ii) Sales of web blasting services to a related party	12	6
(iii) Rental of equipment from a related party	1	-

13. Other Investments

Save for the fixed deposit of RM3 million placed with a financial institution; the Company is holding 32,049,200 ordinary shares of M3 Technologies (Asia) Berhad at total market value of RM2,083,198 as at 30 September 2018.

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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 ("YTD")

Description	Individual Period (1st Quarter)			
	Current Year Quarter & YTD	Preceding Year Corresponding Quarter & YTD	Changes	
	30 September 18	30 September 17	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	57,391	45,344	12,047	27%
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	2,512	2,819	(307)	-11%
Profit Before Tax ("PBT")	276	803	(527)	-66%
Profit After Tax ("PAT")	202	757	(555)	-73%
Profit Attributable to Ordinary Equity Holders of the Parent	52	843	(791)	-94%

For the current quarter under review, XOX Group recorded revenue growth of 27% from RM45.34 million to RM57.39 million resulted from the continued acquisition momentum through our "BLACK" products.

Profit before tax ("PBT") reported at RM0.28 million after accounting for the impairment loss on other investment of RM0.64 million; against the PBT of RM0.84 million which consists of RM0.61 million gain on disposal of other investment in the previous year's corresponding quarter. As a result of the lower PBT reported, EBITDA has correspondingly declined by 11%.

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2. Performance of the current quarter against the preceding quarter

Description	Current Quarter	Immediate	Changes	
	30 September 2018	Preceding Quarter	RM'000	%
	RM'000	30 June 2018	RM'000	%
Revenue	57,391	52,585	4,806	9%
Earnings/(Loss) Before Interest Tax Depreciation & Amortisation ("EBITDA/LBITDA")	2,512	(2,338)	4,850	207%
Profit/(Loss) Before Tax ("PBT/LBT")	276	(4,397)	4,673	106%
Profit/(Loss) After Tax ("PAT/LAT")	202	(4,544)	4,746	104%
Profit Attributable to Ordinary Equity Holders of the Parent	52	(4,563)	4,615	101%

For the current quarter under review, we reported a stable revenue consistent with the previous quarter if not considering the one-off rebate of Goods & Services Tax adjustment during the last quarter. The difference about the RM5 million between two quarters was due to the reversal of GST rebate of the same amount due to us from authority.

Consequently, we reported stronger PBT and EBITDA compared to the previous quarter.

3. Prospects and business outlook

XOX will continue to enlarge our customer base to strengthen the market position supported by business plans for revenue growth; besides further enhancement on the existing products offerings, we will also focus on new technology offerings and digital products in response to the digital transformation and capture opportunities from mobile internet and big data.

Barring any unforeseen circumstances albeit with the continued competitive market pressure ahead, the Board of Directors is of the view that XOX's outlook for the next few quarters remains positive with goals to capture the digital transformation opportunities.

4. Profit forecast or profit guarantee

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

5. Qualification of preceding audited financial statements

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 30 June 2018.

6. Profit before tax

Descriptions	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year to	Preceding year
	quarter	corresponding	date	corresponding
	30 September 2018	quarter	30 September 2018	period
	RM'000	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(2)	(8)	(2)	(8)
Interest expense	58	31	58	31
Depreciation on plant and equipment	2,180	1,993	2,180	1,993
Gain on disposal of other investment	-	(606)	-	(606)
Impairment loss on other investment	641	-	641	-

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7. Income Tax Expense

Descriptions	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income Tax:				
- Current	55	145	55	145
Deferred Tax				
- Net originating and reversal of timing differences	19	(99)	19	(99)
Income tax expenses	<u>74</u>	<u>46</u>	<u>74</u>	<u>46</u>

The effective tax rate of the Group for the current quarter and financial period to-date is slightly higher than the statutory income tax rate mainly due to certain expenses not deductible for tax purposes.

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

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

9. Corporate proposals and utilisation of proceeds

Save as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending for completion as at end of the reporting quarter.

- A. On 26 November 2015, XOX announced that its indirect wholly owned subsidiary, XOX Mobile Sdn Bhd (“XOX Mobile”) has entered into a Joint Venture Agreement with Mobligation Co. Ltd for the purpose to establish a new joint venture company to jointly promote and develop innovative mobile portal and browser particularly the Timber Browser, Kong Browser and Nepkin Micro Site in South East Asia; to date we are still working on the Joint Venture arrangement before formation of the joint venture company.
- B. On 14 April 2016, XOX announced that its indirect wholly owned subsidiary, XOX Media Sdn Bhd (“XOX Media”) has entered into a Memorandum of Understanding (“MOU”) with Leopard Mobile (“Leopard”) to explore business collaboration between two parties in cross marketing and cross bundling programs where Leopard will promote and market Voopee through its various channels and its users and XOX Media will market the range of Leopard’s products through its channels and subscribers. Pursuant to MOU, consensus on various issues could not be reached within the stipulated period and as such, the MOU is considered lapsed.
- C. On 18 August 2017, XOX Media has entered into a MOU with Multimedia Research Lab Sdn Bhd (“MRL”) to cooperate and collaborate with the aim of enhancing the functions of Voopee mobile application by sharing and incorporating MRL range of video conferencing and server technology to exploit market that arises from XOX Media collaboration with PT. Inovasi and PBNU. To date, there is no material development pertaining to the MOU signed.

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D. Utilisation of Proceeds

Utilisation of proceeds from various corporate exercises as at 30 September 2018:-

(1) Rights Issue of Shares with Warrants (Completed on 22 February 2016)

Details	Proposed Utilisation (based on acceptance of applications for Rights Shares) RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Phone bundling expense	13,792,748	10,586,090	3,206,658
(b) Working capital	19,317,353	19,317,353	-
(c) Capital expenditure	6,172,834	6,172,834	-
(d) Defray estimated expenses in relation To the Corporate Exercise	800,000	800,000	-
Total	40,082,935	36,876,277	3,206,658

(2) Share Issuance (Completed on 12 April 2017)

Details	Proposed Utilisation (based on actual proceeds received) RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Voopee expansion plan:			
(i) Expansion of Voopee to Indonesia, the Philippines, Thailand and/or any other countries to be identified	12,293,900	11,333,230	960,670
(ii) Enhancement of features and software maintenance of Voopee	5,000,000	5,000,000	-
(iii) Expansion of network capacity for Voopee	5,000,000	5,000,000	-
(b) Estimated expenses related to the Proposed Share Issuance	812,000	812,000	-
Total	23,105,900	22,145,230	960,670

10. Group Borrowings

Except for additional Hire Purchase borrowing of RM3,307,150 there were no other borrowings during the current quarter under review and financial year-to-date.

Description	As at 30 September 2018 RM'000	As at 30 September 2017 RM'000
Hire purchase		
Short-term	1,123	522
Long-term	3,990	1,598

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

The Group does not have any foreign currency denominated borrowings.

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11. Trade Receivables

Description	As at 30 September 2018 RM'000	As at 30 June 2018 RM'000
	Trade Receivables	23,685
Less: Accumulated impairment losses	(2,150)	(2,150)
	21,535	20,464

Trade receivables are non-interest bearing and are generally within the stipulated current credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. 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.

13. Earnings per share

Descriptions	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 September 2018 RM'000	Preceding year corresponding quarter 30 September 2017 RM'000	Current year to date 30 September 2018 RM'000	Preceding year corresponding period 30 September 2017 RM'000
	Net profit attributable to equity holders of the company	52	843	52
Weighted average number of ordinary shares in issue ('000)	993,094	851,824	993,094	851,824
Net Earning Per Share - Basic (sen)	0.01	0.10	0.01	0.10

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