



XOX BHD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2019

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Description	INDIVIDUAL PERIOD (4TH QUARTER)		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2018 RM'000	CURRENT YEAR TO- DATE 30 June 2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2018 RM'000
Revenue	74,097	52,585	250,734	200,922
Operating Expenses	(73,665)	(57,045)	(251,022)	(207,645)
Other Income	29	91	118	828
Finance Costs	(78)	(28)	(309)	(120)
Profit/(Loss) Before Tax	383	(4,397)	(479)	(6,015)
Tax Income/(Expenses)	62	(147)	(109)	(206)
Profit/(Loss) After Tax/Total				
Comprehensive Income/(Expense)	445	(4,544)	(588)	(6,221)
Profit/(Loss) After Tax / Total				
Comprehensive Income/(Loss)				
Attributable to:				
- Ordinary Equity Holders of the Parent	682	(4,563)	(502)	(6,276)
- Non-controlling Interest	(237)	19	(86)	55
	445	(4,544)	(588)	(6,221)
Earnings/(Loss) per Share Attributable				
To Equity Holders of the Parent				
- Basic (sen)	0.06	(0.49)	(0.05)	(0.67)
- Diluted (sen)	0.06	(0.49)	(0.05)	(0.67)

Notes:-

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 13).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FORTH QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Description	Unaudited as at 30 June 2019 RM'000	Audited as at 30 June 2018 RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, plant and equipment	90,844	82,328
Other investment	1,442	2,724
<i>Total Non-Current Assets</i>	92,286	85,052
<u>CURRENT ASSETS</u>		
Inventories	10,278	9,260
Trade receivables	27,272	20,464
Other receivables, deposits and prepayments	29,132	32,118
Tax recoverables	484	214
Cash and short term deposits	9,533	12,565
<i>Total Current Assets</i>	76,699	74,621
TOTAL ASSETS	168,985	159,673
<u>EQUITY AND LIABILITIES</u>		
Share capital	127,093	122,455
Capital reserve	2,200	2,200
Warrant reserves	-	19,741
Other reserves	-	(19,741)
Exchange reserves	(14)	(3)
Share Issuance Scheme Options Reserve	1,069	1,124
Accumulated losses	(7,897)	(7,450)
<i>Total Equity</i>	122,451	118,326
Non-controlling interest	574	660
	123,025	118,986
<u>NON CURRENT LIABILITY</u>		
Finance lease payables	3,162	1,445
Deferred tax liabilities	48	52
	3,210	1,497
<u>CURRENT LIABILITIES</u>		
Trade payables	31,340	22,140
Other payable and accruals	10,297	16,478
Finance lease payables	1,113	572
	42,750	39,190
TOTAL LIABILITY	45,960	40,687
TOTAL EQUITY AND LIABILITIES	168,985	159,673
Net assets per share attributable to equity holders of the Company (sen) #	11.21	11.91

Notes: -

The net assets per share attributable to equity holders of the Company is computed based on the net assets divided by 1,092,396,675 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 Financial Position should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 13).



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent Non-distributable									
	Share Capital	Capital Reserve	Warrant Reserve	Other Reserve	Exchange Reserves	Share Issuance Scheme Option Reserve	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 (loss)/profit for the financial period, representing total comprehensive (loss)/income for the financial period	-	-	-	-	-	-	(502)	(502)	(86)	(588)
Transactions with owners:										
Issue of ordinary shares										
- pursuant to private placement	4,637	-	-	-	-	-	-	4,637	-	4,637
- pursuant to conversion/expired of warrants	1	-	(19,741)	19,741	-	-	-	1	-	1
Realization of share options	-	-	-	-	-	(55)	55	-	-	-
Other comprehensive loss during the financial period	-	-	-	-	(11)	-	-	(11)	-	(11)
At 30 June 2019	127,093	2,200	-	-	(14)	1,069	(7,897)	122,451	574	123,025
At 1 July 2017	107,637	2,200	19,741	(19,741)	-	5,931	(6,703)	109,065	605	109,670
Net (loss)/profit for the financial period, representing total comprehensive (loss)/income for the financial period	-	-	-	-	-	-	(6,276)	(6,276)	55	(6,221)
Transactions with owners:										
Issue of ordinary shares										
- pursuant to private placement	8,374	-	-	-	-	-	-	8,374	-	8,374
- pursuant to share option exercised	7,162	-	-	-	-	(1,554)	-	5,608	-	5,608
Realization of share options	-	-	-	-	-	(5,531)	5,531	-	-	-
Share base payment transactions	-	-	-	-	-	1,557	-	1,557	-	1,557
Other comprehensive loss during the financial period	-	-	-	-	(3)	-	-	(3)	-	(3)
At 30 June 2018	123,173	2,200	19,741	(19,741)	(3)	403	(7,448)	118,325	660	118,985

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 Statement of Changes in Equity should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 13).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
 FORTH QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Description	Cumulative Quarter Ended 30 June 2019 RM'000	Preceding Year Corresponding 12 Months Ended 30 June 2018 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(479)	(6,015)
Adjustments for:		
Depreciation of property, plant and equipment	9,135	8,201
Equity-settled share-base payment expenses	-	1,558
Gain on disposal of other investment	-	(606)
Impairment loss/(gain) on other investment	1,282	(755)
Impairment loss on trade receivables	2,312	472
Impairment loss on other receivables	10	-
Impairment on trade receivable written back	(27)	(2,170)
Interest expense	309	120
Interest income	(7)	(131)
Unrealised loss/(gain) on foreign exchange	11	(5)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	12,546	669
Changes in working capital:		
Inventories	(1,019)	(9,949)
Trade and other receivables	(3,223)	(19,579)
Trade and other payables	2,999	24,000
	(1,243)	(5,528)
Cash generated from/(used in) operations	11,303	(4,859)
Interest received	7	131
Interest paid	(309)	(120)
Tax paid	(425)	(436)
Tax refund	43	458
	(684)	33
Net cash generated from/(used in) operating activities	10,619	(4,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(14,345)	(19,888)
Proceeds from disposal of other investments	-	4,372
Net cash used in investing activities	(14,345)	(15,516)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(1,050)	(562)
Proceeds from issuance of share capital	4,638	13,982
Net cash generated from financing activities	3,588	13,420
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138)	(6,922)
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	9,533	9,671

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 Cash Flow should be read in conjunction with the Notes to the Quarterly Report on pages 6 to 13).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2019

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:	
<ul style="list-style-type: none"> • 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 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.

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; except for the Company increased its issued and paid up ordinary share capital by the followings:-

- (1) issuance of 99,300,000 new ordinary shares of RM0.0467 each pursuant to the Private Placement on 26 October 2018; &
- (2) 2,500 shares pursuant to the conversion of Warrant A at RM0.20 per share.

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FORTH QUARTER ENDED 30 JUNE 2019**

6. Dividends Paid

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

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.

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>4,187</u>

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.

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12. Significant related party transactions (Cont'd)

- (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 June 2019 RM'000	Preceding year corresponding quarter 30 June 2018 RM'000
(i) Key management personnel compensation:		
Short-term employee benefits	345	768
(ii) Sales of web blasting services to a related party	32	7
(iii) Rental of equipment from a related party	12	1
(iv) Rental of office from related party	106	-

13. Other Investments

The Company is holding 32,049,200 ordinary shares of M3 Technologies (Asia) Berhad at total market value of RM1,442,214 as at 30 June 2019.

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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 (4th Quarter)				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-date	Preceding Year Corresponding Period	Changes	
	30 Jun 19	30 Jun 18	RM'000	%	30 Jun 19	30 Jun 18	RM'000	%
Revenue	74,097	52,585	21,512	41%	250,734	200,922	49,812	25%
Earnings/(Loss) Before Interest Tax								
Depreciation & Amortisation ("EBITDA/LBITDA")	2,896	(2,338)	5,234	224%	8,958	2,175	6,783	312%
Profit/(Loss) Before Tax ("PBT/LBT")	383	(4,397)	4,780	109%	(479)	(6,015)	5,536	92%
Profit/(Loss) After Tax ("PAT/LAT")	445	(4,544)	4,989	110%	(588)	(6,221)	5,633	91%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	682	(4,563)	5,245	115%	(502)	(6,276)	5,774	92%

For the 4th quarter ended 30 June 2019, the Group delivered a steady performance in revenue with consistent growth in "BLACK" subscribers generating higher Average Revenue Per User ("ARPU"). Revenue (including partial recognition of GST rebate) was up 41% to RM74.1 million from RM52.6 million in Q4 2019. Correspondently, revenue for the YTD 2019 stood at RM250.7 million, 25% higher compared to YTD 2018 of RM200.9 million.

The Group reported a profit after tax of RM0.45 million on the back of EBITDA of RM2.9 million against loss after tax of RM4.5 million and LBITDA of RM2.3 billion in previous year corresponding quarter. Consequently, the Group recorded a YTD 2019 loss after tax of RM0.59 million (YTD 2018: LAT RM6.2 million) and EBITDA of RM8.9 million (YTD 2018: RM2.2 million).

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2. Performance of the current quarter against the preceding quarter

Description	Current Quarter 30 June 2019	Immediate Preceding Quarter 31 March 2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	74,097	60,476	13,621	23%
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	2,896	2,604	292	11%
Profit Before Tax ("PBT")	383	241	142	59%
Profit After Tax ("PAT")	445	238	207	87%
Profit Attributable to Ordinary Equity Holders of the Parent	682	361	321	89%

For the quarter ended 30 June 2019, revenue increased by 23% to RM74.1 million from RM60.5 million for the quarter ended 31 March 2019, contributed mainly by quality subscribers with higher ARPU and partial recognition of GST rebate.

For Q4 2019, the Group reported a slight increase in PAT of RM0.45 million compared to PAT of RM0.22 million in the preceding quarter, backed by improved EBITDA of RM2.9 million (Q3 2019: RM2.6 million).

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 remain 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.

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6. Profit/(Loss) before tax

Descriptions	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Jun 19 RM'000	30 Jun 18 RM'000	30 Jun 19 RM'000	30 Jun 18 RM'000
Interest income	(1)	(112)	(7)	(131)
Interest expense	78	28	309	120
Depreciation on plant and equipment	2,436	2,142	9,135	8,201
Gain on disposal of other investment	-	-	-	(606)
Impairment loss/(gain) on other investment	160	(884)	1,282	(755)
Impairment loss on trade receivables	2,312	472	2,312	472

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 Jun 19 RM'000	30 Jun 18 RM'000	30 Jun 19 RM'000	30 Jun 18 RM'000
Income Tax:				
- Current	(47)	117	112	176
Deferred Tax				
- Net originating and reversal of timing differences	(15)	30	(3)	30
Income tax (income)/expenses	(62)	147	109	206

The effective tax rate of the Group for the current quarter and financial period to-date is slightly lower than the statutory income tax rate mainly due to utilisation of tax losses and unabsorbed capital allowances.

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.

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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 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.
- C. On 26 February 2019, XOX Mobile has entered into a MOU with 10T Tech Limited ("10T Tech") for the purpose of participating in a platform, to be called as the "eSIM Alliance", which will handle international traffic through eSIM profile switching between its participants. To date, both parties are working on the project.
- D. On 10 June 2019, the Company announced to undertake the following "Proposals":-
 - I. Proposed Rights Issue of ICPS with Warrants;
 - II. Proposed Constitution Amendments; &
 - III. Proposed By-Laws Amendments.

Bursa Securities approved the said proposal on 24 June 2019 and subsequently approved by the Shareholders in the EGM held on 31 July 2019.
- E. On 8 August 2019, XOX Mobile entered into a MOU with TOT Public Company Limited ("TOT") for the purpose to establish the mobile virtual network operator ("MVNO") partnership, cooperation and support between both parties in relation to exploring MVNO market in Thailand, connecting in technicality and testing the mobile telecommunication systems as well as other commercial operations.

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 June 2019 RM'000	As at 30 June 2018 RM'000
Hire purchase		
Short-term	1,113	574
Long-term	3,162	1,443

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 June 2019 RM'000	As at 30 June 2018 RM'000
Trade Receivables	30,983	22,614
Less: Accumulated impairment losses	(3,711)	(2,150)
	27,272	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	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Net profit/(loss) attributable to equity holders of the company	682	(4,563)	(502)	(6,276)
Weighted average number of ordinary shares in issue ('000)	1,060,565	933,660	1,060,565	933,660
Net Earning/(Loss) Per Share - Basic (sen)	0.06	(0.49)	(0.05)	(0.67)

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.