

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter Ended	Quarter Ended	Year Ended	Year Ended
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	9,707	8,334	27,629	24,880
Cost of sales	(7,986)	(7,647)	(24,394)	(22,661)
Gross profit	1,721	687	3,235	2,219
Other income	344	53	819	120
Administrative expenses	(2,672)	(3,093)	(6,838)	(6,589)
Other expenses	(105)	-	(814)	-
Loss from operations	(712)	(2,353)	(3,598)	(4,250)
Finance costs	(15)	-	(43)	-
Loss before taxation	(727)	(2,353)	(3,641)	(4,250)
Taxation	(32)	-	(32)	-
Loss after taxation	(759)	(2,353)	(3,673)	(4,250)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(759)	(2,353)	(3,673)	(4,250)
Loss attributable to:				
Owners of the Parent	(756)	(2,283)	(3,661)	(3,952)
Non-controlling interests	(3)	(70)	(12)	(298)
	(759)	(2,353)	(3,673)	(4,250)
Total comprehensive loss attributable to:				
Owners of the Parent	(756)	(2,283)	(3,661)	(3,952)
Non-controlling interests	(3)	(70)	(12)	(298)
	(759)	(2,353)	(3,673)	(4,250)
Loss per share attributable to the owners of the Company (sen) :-				
Basic loss per share (sen)	(0.07)	(0.45)	(0.32)	(0.77)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.03.2022 (Unaudited) RM'000	AS AT 30.06.2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,400	6,473
Goodwill arising from consolidation	1,100	1,100
Right of use assets	878	1,090
Trade receivables	9,002	9,002
	18,380	17,665
Current assets		
Inventories	2,716	3,975
Receivables, deposits and prepayments	14,976	6,077
Tax recoverable	329	186
Cash and cash equivalents	24,140	36,546
Deposit with licensed bank	10,204	10,045
	52,365	56,829
Assets held for sale	256	256
	52,621	57,085
TOTAL ASSETS	71,001	74,750
EQUITY AND LIABILITIES		
Share capital	87,761	82,480
Accumulated losses	(22,962)	(19,301)
Equity attributable to owners of the parent	64,799	63,179
Non-controlling interests	(884)	(872)
TOTAL EQUITY	63,915	62,307
Non-current liabilities		
Lease liabilities	347	695
	347	695
Current liabilities		
Trade and other payables	6,108	11,053
Contract liabilities	59	59
Lease liabilities	572	422
Tax payable	-	214
	6,739	11,748
TOTAL LIABILITIES	7,086	12,443
TOTAL EQUITY AND LIABILITIES	71,001	74,750
Net assets per share attributable to the owners of the parent (RM)	0.06	0.07

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent				
	Share Capital	Warrant Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 July 2021	82,480	-	(19,301)	(872)	62,307
Total comprehensive loss for the financial period	-	-	(3,661)	(12)	(3,673)
Transaction with the owners:-					
Private placement exercise	5,281	-	-	-	5,281
Balance as of 31 March 2022	87,761	-	(22,962)	(884)	63,915

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent				
	Share Capital	Warrant Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 July 2020	50,976	8,401	(18,843)	(534)	40,000
Total comprehensive loss for the financial year	-	-	(8,859)	(338)	(9,197)
Transaction with the owners:-					
Warrants conversion exercise	4,466	(15)	15	-	4,466
Private placement exercise	27,038	-	-	-	27,038
Warrants expired	-	(8,386)	8,386	-	-
Balance as of 30 June 2021	82,480	-	(19,301)	(872)	62,307

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CUMULATIVE	
	31.03.2022	31.03.2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(3,641)	(4,250)
Adjustments for:-		
Bad debts written off	101	920
Depreciation of property, plant and equipment	1,463	1,566
Depreciation of right of use assets	233	-
Discount received from lease liabilities	13	-
Interest income	(480)	(320)
Interest expense	43	4
Loss on disposal of property, plant and equipment	-	25
Written off of property, plant and equipment	818	-
Operating loss before working capital changes	(1,450)	(2,055)
Changes in working capital:		
Inventories	1,259	270
Payables and accruals	(4,945)	5,127
Receivables, deposits and prepayments	(9,003)	10,377
	(12,689)	15,774
Cash generated from operations	(14,139)	13,719
Interest received	480	320
Interest paid	-	(4)
Tax paid	(393)	(102)
Tax refund	5	-
	92	214
Net cash from/(used in) operating activities	(14,047)	13,933
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,208)	(70)
Proceeds from disposal of property, plant and equipment	-	68
Net cash used in investing activities	(3,208)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(274)	-
Proceeds from issuance of share capital	5,281	28,751
Net cash from financing activities	5,007	28,751
NET INCREASE IN CASH AND CASH EQUIVALENTS	(12,248)	42,682
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	46,592	3,763
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	34,344	46,445
Cash and cash equivalents comprise:-		
Deposits pledged with bank	100	-
Short term deposits with financial institutions	10,204	-
Cash and bank balances	24,040	46,445
	34,344	46,445

The unaudited condensed consolidated statement of changes in cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT**A. EXPLANATORY NOTES****A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of XOX Networks Berhad (formerly known as Macpie Berhad) ("XOX Networks" or "Company") on a consolidated basis with its subsidiaries ("XOX Networks Group" or "Group") for the financial year ended 30 June 2021 and the explanatory notes attached to the interim financial statements, which provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

A2. Changes in accounting policies

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those applied in the latest audited annual financial statements for the financial year ended 30 June 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements financial year ended 30 June 2021.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2021 was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group is subjected to the cyclical effects of the global and Malaysia technology industry.

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

A6. Changes in composition of the Group

There were no material changes to the composition of the Group during the current quarter.

A7. Changes in estimates

There were no changes in estimates that have had a material effect on the results of the current quarter and financial period-to-date.

A8. Capital and reserves

There were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review except as disclosed in Note B6.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
A9. Dividends paid and proposed

No dividend has been proposed during the current quarter.

A10. Segmental Information

Sales revenue by division to external parties for the quarter ended 31 March 2022 are as follows:-

	Event Management	ICT	Digital & Media Management	Financial Solutions	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	6,745	2,216	327	418	-	9,707
Gross profit/(loss)	1,135	(136)	304	418	-	1,721
Profit/(loss) before taxation	4	(797)	158	355	(447)	(727)

The Group's revenue increased as compared to the corresponding quarter in previous year was mainly due to the increase in revenue contributed by the event management and financial solutions segments. Since the country has started easing the COVID-19 domestic restrictions, the Group is able to capture more on-ground events in this quarter.

The Group has captured a lower loss before taxation this quarter as compared to the corresponding quarter in previous year in view of a higher gross profit generated under the event management segment during the quarter under review.

There is a change in the Group's focus from leasing to digital and media management segment as explained under Note B3.

Sales revenue by division to external parties for the quarter ended 31 March 2021 are as follows:-

	Event Management	ICT	Leasing	Financial Solutions	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	886	7,162	-	211	75	8,334
Gross profit	66	350	-	211	60	687
(Loss)/profit before taxation	(339)	(249)	(300)	195	(1,660)	(2,353)

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
A11. Related Party Transactions

- a. Identities of related parties
- i. the Company has a controlling related party relationship with its subsidiaries;
 - ii. the director who is the key management personnel; and
 - iii. entities controlled by certain key management personnel, directors and/or substantial shareholders.
- b. Compensation of key management personnel
- i. Key management personnel includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group.
 - ii. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.
- c. During the quarter under review, the Group has disclosed key management personnel compensation in total and the following related parties transactions:

	Individual Quarter	
	31.03.2022	31.03.2021
	RM'000	RM'000
Key management personnel compensation:		
Short-term employee benefit	154	77
Transactions with:		
Subsidiaries of the Group		
Rental receivables	40	-
Services to related parties		
Provision of event management	5,167	-
Provision of digital and media management	115	-
Warehouse rental and transportation	600	709
Sales and purchase of mobile phones and telecommunication services	4	1

A12. Valuation of Property, Plant and Equipment

The Group did not revalue any of its assets from the previous audited financial statements for the financial year ended 30 June 2021.

A13. Contingent Assets or Liabilities

There are no contingent assets and liabilities since the previous audited financial statement for the financial year ended 30 June 2021.

A14. Material Events Subsequent to the End of the Interim Reporting Period

Save for the event as disclosed under section B8, there were no material events subsequent to the end of the current quarter under review up to the date of this quarterly report.

A15. Changes in the Composition of the Group

There were no material changes to the composition of the Group for the current quarter under review.

A16. Capital Commitments

There were no capital commitments for the current quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS
B1 Review of Group Performance

The summary results of the Group are as follows:

	Individual Quarter		Variance	Cumulative Quarter		Variance
	31.03.2022	31.03.2021	+ / (-)	31.03.2022	31.03.2021	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	9,707	8,334	16%	27,629	24,880	11%
Loss from operations	(712)	(2,353)	(70%)	(3,598)	(4,250)	(15%)
Loss before taxation	(727)	(2,353)	(69%)	(3,641)	(4,250)	(14%)
Loss after taxation	(759)	(2,353)	(68%)	(3,673)	(4,250)	(14%)

The Group recorded a revenue of RM9.71 million for the third quarter ended 31 March 2022 ("Q3 FY2022"), which is higher as compared to the corresponding quarter in previous year ended 31 March 2021 ("Q3 FY2021").

The Group recorded a loss after taxation of RM0.76 million for Q3 FY2022, which was much lower than Q3 FY2021's loss after taxation of RM2.35 million due to a higher gross profit generated under the event management segment in Q3 FY2021.

The event management sector has been adversely affected by the disruptive effects of COVID-19. Since the onset of the epidemic, Movement Control Order ("MCO"), Conditional MCO and regulatory prohibitions on mass gatherings have had a negative impact to the Group's traditional business.

Nevertheless, the event business has progressively recovered as a result of the COVID-19 standard operating procedures relaxation announced by the Malaysian's government.

B2 Performance of the current quarter against the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.03.2022	31.12.2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	9,707	12,381	(2,674)	(22%)
Loss from operations	(712)	(2,252)	1,540	(68%)
Loss before taxation	(727)	(2,269)	1,542	(68%)
Loss after taxation	(759)	(2,269)	1,510	(67%)

For Q3 FY2022, the Group recorded a revenue of RM9.71 million, representing a decrease of 22% compared to the second quarter ended 31 December 2021 ("Q2 FY2022"). The Group's lower revenue was mainly contributed by a lower revenue recorded in the ICT sector while the loss after taxation for Q3 FY2022 has decreased 67% compared to Q2 FY2022 due to a written off of property, plant and equipment recorded in Q2 FY2022.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

B3 Future prospects

The COVID-19 pandemic has heavily affected the event industry. Event organisers have adopted new delivery models, going entirely digital or embracing hybrid digital and in-person solutions. On top of momentary uncertainty, the crisis also triggered profound, and potentially long-lasting, changes in production and consumption patterns.

Hence, XOX Networks Group applies horizontal expansion strategy in the e-sports and media management segments to help boost its revenue streams.

Organising e-sports tournaments online is very much similar to the core business and applying the same skillsets to pivot towards a RM2.76 billion industry with participation from 20.1 million Malaysians. E-sports content streams are gaining popularity among youths and adults, adding on to the family entertainment genre. This will increase the team's ability to further monetise digital content.

Nonetheless, the Malaysian's government announced the ease of COVID-19 restrictions, classifying all states and federal territories remain under the least stringent Phase 4 controls in the four-tier National Recovery Plan. The entertainment industry is set to rebound strongly and the Group will be capturing more physical events in the coming quarters.

B4 Variance of actual profit from profit forecast and profit guarantee

There was no profit forecast or guarantee made public for the financial period under review and hence no comparison was made with the actual results.

B5 Taxation

	Cumulative	
	Year Ended 31.03.2022 RM'000	Year Ended 31.03.2021 RM'000
Based on the results for the current quarter/period:-		
Tax expense	(32)	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

B6 Status of Corporate Exercises

Multiple proposals

The private placement has been completed following the listing and quotation of 106,030,800 placement shares on the ACE Market of Bursa Securities on 1 March 2021 and its status of utilisation of proceeds is tabulated below:

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
Status of utilisation of proceeds

Purpose	Proposed utilisation	Actual utilisation	Intended timeframe for utilisation	Balance unutilised	
	RM'000	RM'000		RM'000	%
Purchase of equipment for the event management segment	13,705	3,341	Within 18 months	10,364	76%
Additional funds for the financial solutions segment	8,938	8,938	Within 12 months	-	0%
Working capital	3,602	3,602	Within 12 months	-	0%
Estimated expenses for the Proposals	793	793	Immediate	-	0%
	<u>27,038</u>	<u>16,674</u>		<u>10,364</u>	

Save for the above, there were no other corporate proposals announced but not completed.

B7 Group Bank Borrowing and Debt Securities

There were no borrowing and debt securities for the financial quarter under review.

B8 Changes in Material Litigation
Civil Suit No. BA-22NCvC-41-01/2022) against Mr. Luah Aik Teong (“Defendant”)

Reference is made to the announcements dated 11 February 2022 and 15 February 2022 respectively in relation to the Litigation.

The Shah Alam High Court had during the case management on 9 March 2022 recorded that judgement in default was granted in favour of Trumpet International, a wholly-owned subsidiary of the Company.

Under the judgment, the Defendant is required to pay the following to the Plaintiff:

1. the sum of RM4,900,000.00 immediately;
2. the Defendant is to pay the Plaintiff agreed late payment interest at the rate of 3% per month calculated from the following due date of the said payment:
 - i. the amount of RM900,000.00 calculated from 31 December 2019;
 - ii. the amount of RM1,000,000.00 calculated from 31 January 2020;
 - iii. the amount of RM1,000,000.00 calculated from 29 February 2020;
 - iv. the amount of RM1,000,000.00 calculated from 31 March 2020; and
 - v. the amount of RM1,000,000.00 calculated from 30 April 2020.

until the full and final settlement of this Judgement Debt.

3. the costs of this action amounting to RM2,282.00 be paid by the Defendant to the Plaintiff immediately together with interest thereon at the rate of 5% per annum from the date of this Judgement until the full and final settlement of the costs.

On 11 April 2022, we have filed a Request For Issue of Bankruptcy Notice together with a Bankruptcy Notice (collectively known as “Bankruptcy Notice”) in the High Court at Shah Alam against the Defendant due to the Defendant’s failure to pay the Judgement Debt (as announced by the Company on 10 March 2022). The filing of the Bankruptcy Notice is to recover the total outstanding sum of RM5,212,872.90 (inclusive of interest) as at 11 April 2022 which is due by the Defendant under the said Judgement Debt.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

There will not have any financial and operational impact on XOX Network Group for the financial year ending 30 June 2022 as the impairment on amount owing by the Defendant had been made in the previous financial year.

Save for the above disclosure, there is no material litigation up to the date of this quarterly report.

B9 Dividend

No dividend has been proposed for the financial year under review.

B10 Basic loss per Share

Basic loss per share is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	INDIVIDUAL QUARTER		CUMULATIVE	
	31.03.2022	31.03.2021	YEAR ENDED 31.03.2022	YEAR ENDED 31.03.2021
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to the owners of the Company	(756)	(2,283)	(3,661)	(3,952)
Weighted average number of shares in issue ('000)	1,136,709	512,522	1,136,709	512,522
Basic loss per share (sen)	(0.07)	(0.45)	(0.32)	(0.77)

B11 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 30 May 2022.