

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter Ended	Quarter Ended	Year Ended	Year Ended
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	6,202	12,381	12,466	17,922
Cost of sales	(5,910)	(11,501)	(11,511)	(16,408)
Gross profit	292	880	955	1,514
Other income	248	182	4,262	475
Administrative expenses	(1,701)	(2,605)	(4,382)	(4,166)
Other expenses	(3,798)	(709)	(3,798)	(709)
Loss from operations	(4,959)	(2,252)	(2,963)	(2,886)
Finance costs	(4)	(17)	(17)	(28)
Loss before taxation	(4,963)	(2,269)	(2,980)	(2,914)
Taxation	-	-	-	-
Loss after taxation	(4,963)	(2,269)	(2,980)	(2,914)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(4,963)	(2,269)	(2,980)	(2,914)
Loss attributable to:				
Owners of the Parent	(4,963)	(2,264)	(2,980)	(2,906)
Non-controlling interests	-	(5)	-	(8)
	(4,963)	(2,269)	(2,980)	(2,914)
Total comprehensive loss attributable to:				
Owners of the Parent	(4,963)	(2,264)	(2,980)	(2,906)
Non-controlling interests	-	(5)	-	(8)
	(4,963)	(2,269)	(2,980)	(2,914)
Loss per share attributable to the owners of the Company (sen) :-				
Basic loss per share (sen)	(0.44)	(0.20)	(0.26)	(0.26)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.12.2022 (Unaudited) RM'000	AS AT 30.06.2022 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,765	12,929
Goodwill arising from consolidation	60	60
Right of use assets	516	646
Trade receivables	8,959	8,959
	15,300	22,594
Current assets		
Inventories	-	602
Receivables, deposits and prepayments	26,832	15,411
Tax recoverable	352	290
Cash and cash equivalents	21,882	20,500
Deposit with licensed bank	10,317	10,359
	59,383	47,162
Assets held for sale	-	255
Assets included in disposal group held for sale and discontinued operation	-	1,926
	59,383	49,343
TOTAL ASSETS	74,683	71,937
EQUITY AND LIABILITIES		
Share capital	87,762	87,762
Accumulated losses	(27,979)	(24,999)
Equity attributable to owners of the parent	59,783	62,763
Non-controlling interests	-	(892)
TOTAL EQUITY	59,783	61,871
Non-current liabilities		
Lease liabilities	272	272
Deferred taxation	12	12
	284	284
Current liabilities		
Trade and other payables	2,009	8,618
Contract liabilities	12,327	610
Lease liabilities	280	426
Tax payable	-	-
	14,616	9,654
Liabilities included in disposal group held for sale and discontinued operation	-	128
TOTAL LIABILITIES	14,900	10,067
TOTAL EQUITY LIABILITIES	74,683	71,937
Net assets per share attributable to the owners of the parent (RM)	(0.05)	(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 2022 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	Accumulated	Non-	Total
	Capital	Losses	Controlling	Equity
	RM'000	RM'000	Interest	RM'000
			RM'000	
Balance as of 1 July 2022	87,762	(24,999)	(892)	61,871
Total comprehensive loss for the financial year	-	(2,980)	-	(2,980)
Transaction with the owners:-				
Elimination of non-controlling interest at disposal of subsidiary	-	-	892	892
Balance as of 31 December 2022	87,762	(27,979)	-	59,783

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent			
	Share	Accumulated	Non-	Total
	Capital	Losses	Controlling	Equity
	RM'000	RM'000	Interest	RM'000
			RM'000	
Balance as of 1 July 2021	82,481	(19,302)	(872)	62,307
Total comprehensive loss for the financial year	-	(5,697)	(20)	(5,717)
Transaction with the owners:-				
Private placement exercise	5,281	-	-	5,281
Balance as of 30 June 2022	87,762	(24,999)	(892)	61,871

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CUMULATIVE	
	31.12.2022	31.12.2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,980)	(2,914)
Adjustments for:-		
Depreciation of property, plant and equipment	1,501	931
Depreciation of right of use assets	122	157
Discount received from lease liabilities	2	13
Gain on disposal of subsidiaries	(3,976)	-
Interest income	(192)	(343)
Interest expense	15	30
Loss/(gain) on disposal of property, plant and equipment	3,798	(3)
Written off of property, plant and equipment	-	709
Operating loss before working capital changes	(1,710)	(1,420)
Changes in working capital:		
Contract liabilities	11,717	-
Inventories	574	2,435
Payables and accruals	1,622	(1,710)
Receivables, deposits and prepayments	(11,582)	(7,127)
	2,331	(6,402)
Cash generated from/(used in) operations	621	(7,822)
Interest received	192	343
Interest paid	(15)	(30)
Tax paid	(137)	(149)
Tax refund	-	5
	40	169
Net cash generated from/(used in) operating activities	661	(7,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of subsidiaries, net of cash disposed of	(1,163)	-
Sales proceeds from disposal of PPE	1,873	-
Proceeds from disposal of subsidiaries	101	-
Purchase of PPE	(8)	(3,181)
Net cash generated from/(used in) investing activities	803	(3,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net lease liability	(124)	(158)
Proceeds from issuance of share capital	-	5,281
Net cash (used in)/generated from financing activities	(124)	5,123
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,340	(5,711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	30,859	46,591
EFFECT ON FOREIGN TRANSLATION		
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	32,199	40,880

	CUMULATIVE	
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits pledged with bank	200	100
Short term deposits with financial institutions	10,317	10,098
Cash and bank balances	21,682	30,682
	32,199	40,880

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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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 2022 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 2022.

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 2022.

The significant accounting policies adopted are consistent with those of the audited financial statements financial year ended 30 June 2022.

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 2022 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 December 2022 are as follows:-

	Event Management RM'000	ICT RM'000	Digital & Media Management RM'000	Financial Solutions RM'000	Others RM'000	Consolidated RM'000
Revenue						
External sales	3,580	-	2,568	54	-	6,202
Gross profit/(loss)	(73)	-	311	54	-	292
(Loss)/profit before taxation	(4,943)	(4)	170	18	(204)	(4,963)

The Group experienced a sharp fall in revenue as compared to the corresponding quarter in previous year mainly due to the disposal of a subsidiary in the ICT segment which resulted in the reduction in revenue. Nonetheless, the Group had increased 200% in revenue in the event management as the Group was able to capture more revenue in organising physical events including concert and festival since the endemic during the quarter under review.

The Group has captured a further loss before taxation this quarter as compared to the corresponding quarter in previous year in view of the loss on disposal of property, plant and equipment during the quarter under review.

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

	Event Management RM'000	ICT RM'000	Digital Services RM'000	Financial Solutions RM'000	Others RM'000	Consolidated RM'000
Revenue						
External sales	1,199	10,593	380	209	-	12,381
Gross (loss)/profit	241	248	182	209	-	880
(Loss)/profit before taxation	(1,194)	(400)	(201)	184	(658)	(2,269)

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	
	31.12.2022	31.12.2021
	RM'000	RM'000
Key management personnel compensation:		
Short-term employee benefit	74	70
Services to related parties		
Provision of event management	73	1,199
Provision of digital and media management	2,173	344
Warehouse rental and transportation	-	1,251
Sales and purchase of mobile phones and telecommunication services	-	1,073

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 2022.

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 2022.

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

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.

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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
	31.12.2022	31.12.2021	+ / (-)	31.12.2022	31.12.2021	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,202	12,381	(50%)	12,466	17,922	(30%)
Loss from operations	(4,959)	(2,252)	120%	(2,963)	(2,886)	3%
Loss before taxation	(4,963)	(2,269)	119%	(2,980)	(2,914)	2%
Loss after taxation	(4,963)	(2,269)	119%	(2,980)	(2,914)	2%

The Group recorded a revenue of RM6.2 million for the second quarter ended 31 December 2022 ("Q2 FY2023"), which is lower as compared to the corresponding quarter in previous year ended 31 December 2021 ("Q2 FY2022") due to the disposal of a subsidiary in the ICT segment that ultimately resulted in the reduction in revenue.

The Group recorded a loss after taxation of RM4.96 million for Q2 FY2023, which was 119% higher than Q2 FY2022's loss after taxation of RM2.27 million mainly due to the loss on disposal of property, plant and equipment during Q2 FY2023.

The event management segment has progressively recovered as a result of entering into the endemic phase of COVID-19 as announced by the Malaysian's government.

B2 Performance of the current quarter against the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2022	30.09.2022	RM'000	%
	RM'000	RM'000		
Revenue	6,202	6,264	(62)	(1%)
(Loss)/profit from operations	(4,959)	1,998	(6,957)	(348%)
(Loss)/profit before taxation	(4,963)	1,985	(6,948)	(350%)
(Loss)/profit after taxation	(4,963)	1,985	(6,948)	(350%)

For Q2 FY2023, the Group recorded a revenue of RM6.2 million, representing a slight decrease of 1% compared to the first quarter ended 30 June 2023 ("Q1 FY2023"). The Group's loss after taxation for Q2 FY2023 has deteriorated compared to Q1 FY2023 due to the disposal of property, plant and equipment in Q2 FY2023.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
B3 Future prospects

The COVID-19 pandemic has heavily affected the event industry negatively. It has been noticed that due to the pandemic most of the places are shut down due to the spread of COVID-19. However, with the help of advanced technology, virtual events are conducted in multiple places which is predicted to boost the market during pandemic lock down. Virtual events are the most advanced way of attending events where one can attend the event from the comfort of their home. Hence, XOX Networks Group applies horizontal expansion strategy in the e-sports and media management segments to help boost its revenue streams during the past two years of pandemic.

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.

As the Covid 19 pandemic subsides, the entertainment industry is expected to recover, and eventually grow in the longer term as Covid 19 containment measures are gradually relaxed and people become more comfortable to attend these events; and more international performers and artistes are able to travel to Malaysia. The Group shifts their focus back to organizing physical events. With the anticipated recovery in the entertainment industry, the Group is aiming to capture more revenue on physical events and festivals 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	Year Ended
	31.12.2022	31.12.2021
	RM'000	RM'000
Based on the results for the current year:-		
Tax expense	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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	9,519	Within 18 months	4,185	31%
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>22,852</u>		<u>4,185</u>	

The Board had on, 8 September 2022 announced the proceeds had been fully utilised save for an amount of RM7.275 million allocated for the purchase of equipment for the event management segment.

The event management sector has been adversely affected by the disruptive effects of COVID-19. Movement Control Order (“MCO”), Conditional MCO, cross border travel restrictions and regulatory prohibitions on mass gatherings have had a negative impact to the Group’s event management business. The Board has deliberated and resolved to extend the timeframe for an additional twelve (12) months until 31 August 2023 for the utilisation of the remaining unutilised proceeds for the Group to purchase equipment for the event management segment.

Second private placement

The second private placement has been completed following the listing and quotation of the first and final tranche of 189,284,800 Placement Shares on the ACE Market of Bursa Securities on 29 December 2021 and its status of utilisation of proceeds is tabulated below:

Purpose	Proposed utilisation	Actual utilisation	Intended timeframe for utilisation	Balance unutilised	
	RM'000	RM'000		RM'000	%
Setting up of digital media platform	5,211	174	Within 18 months	5,037	97%
Estimated professional expenses	70	30	Immediate	40	57%
	<u>5,281</u>	<u>204</u>		<u>5,077</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, 15 February 2022, 10 March 2022 and 11 April 2022 respectively in relation to the Litigation. Unless otherwise defined in this announcement, the terms stated herein shall have the same meaning as defined in the earlier announcements.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

The Board of Directors of XOX Networks wishes to announce that the Plaintiff had on 2 June 2022 filed a fair order (hereinafter referred to as “Fair Order”) in the High Court at Shah Alam (hereinafter referred to as “Court”). Pursuant to the Fair Order, the Court has approved to serve the sealed Bankruptcy Notice to the Defendant in the following manner:-

- i. by affixing a copy of the Fair Order and a copy of the Bankruptcy Notice on the notice board of the High Court at Shah Alam and at the last address of the Defendant; and
- ii. by advertising a notice on The Star newspaper for one (1) day.

Carrying out the matters as set out in (i) and (ii) above shall be deemed effective and sufficient for the service of the Bankruptcy Notice on the Defendant after fourteen (14) days from the date the matters as set out in (i) and (ii) above are carried of such pasting or advertising.

There will not have any financial and operational impact on XOX Network Group for the financial year ended 30 June 2023 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 Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss of the Group for the financial year is arrived at after crediting the following expenses/(income):

	INDIVIDUAL		CUMULATIVE	
	QUARTER		YEAR	YEAR
	31.12.2022	31.12.2021	ENDED	ENDED
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	670	498	1,501	931
Depreciation of right of use assets	36	76	122	157
Gain on disposal of subsidiaries	-	-	(3,976)	-
Interest income	(125)	(174)	(192)	(343)
Interest expense	3	15	15	30
Loss/(gain) on disposal of property, plant and equipment	3,798	(3)	3,798	(3)
Property, plant and equipment written off	-	709	-	709

The other items as required under Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable to the Group.

B11 Basic profit or loss per Share

Basic profit or loss per share is calculated by dividing profit or 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	
	31.12.2022	31.12.2021	YEAR ENDED 31.12.2022	YEAR ENDED 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to the owners of the Company	(4,963)	(2,264)	(2,980)	(2,906)
Weighted average number of shares in issue ('000)	1,135,709	1,135,709	1,135,709	1,135,709
Basic profit/(loss) per share (sen)	(0.44)	(0.20)	(0.26)	(0.26)

B12 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 27 February 2023.