RNS Number : 8409R
MobilityOne Limited
26 September 2017

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MobilityOne Limited
("**MobilityOne**", the "**Company**" or the "**Group**")

Unaudited interim results for the six months ended 30 June 2017

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider, announces its unaudited interim results for the six months ended 30 June 2017.

Highlights:

- Revenue increased by 9.51% to £36.78 million (H1 2016: £33.59 million) mainly contributed by growth in the Group's mobile phone prepaid airtime reload and bill payment business in Malaysia;
- Operating profit of £0.33 million (H1 2016: operating profit of £0.29 million);
- Profit after tax of £0.19 million (H1 2016: profit after tax of £0.14 million);
- Cash and cash equivalents at 30 June 2017 of £2.39 million (30 June 2016: £2.57 million);
- Obtained the approval from the Central Bank of Malaysia to issue e-Money for general retail purposes via prepaid card and mobile applications as well as for mobile remittance services;
- Entered into partnership agreement with Mobility I Tap Pay (Bangladesh) Limited ("**MiTP**") to support deployment of mobile financial services platform named "Tap 'n Pay" for Meghna Bank Ltd in Bangladesh with option entered into to acquire 55% of MiTP's share capital; and
- The Board of MobilityOne expects the trading performance in the second half of 2017 to remain positive as the Group continues to expand its terminal base in Malaysia and enhance its product offering for future growth.

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About the Group:

MobilityOne provides e-commerce infrastructure payment solutions and platforms and it has developed an end-to-end e-commerce solution which connects various service providers across several industries such as banking, telecommunication and transportation through multiple distribution devices including EDC terminals, mobile devices, automated teller machines ("ATM") and internet banking.

The Group's technology platform is flexible, scalable and designed to facilitate cash, debit card and credit card transactions from multiple devices while controlling and monitoring the distribution of different products and services.

For more information, refer to our website at www.mobilityone.com.my

Chairman's statement

The revenue of the Group increased by 9.51% to £36.79 million in the first six months of 2017, which was mainly contributed by growth in the mobile phone prepaid airtime reload and bill payment business via the Group's banking channels (such as mobile banking, internet banking and ATMs) and payment terminal base in Malaysia. As a result of the increased revenue, the Group recorded an operating profit of £0.33 million (H1 2016: operating profit of £0.29 million) and profit after tax of £0.19 million in the first six months of 2017 (H1 2016: profit after tax of £0.14 million).

As at 30 June 2017, the Group had cash and cash equivalents of £2.39 million (30 June 2016: cash and cash equivalents of £2.57 million) and the secured loans and borrowings from financial institutions were £3.37 million (30 June 2016: £3.05 million).

Current trading and outlook

The Board of MobilityOne expects the trading performance in the second half of 2017 to remain positive as the prepaid airtime reload and bill payment business in Malaysia is expected to continue its growth. In addition, the Group continues to expand its terminal base in Malaysia for prepaid airtime reload and bill payment as well as to enhance its product offering for future growth.

However, the Group's international remittance services in Malaysia via the 50%-owned associate company, Unique Change Sdn Bhd ("**Unique Change**") and the operations in the Philippines for the provision of an e-payment solution are not expected to make a significant contribution to the Group in the second half of 2017.

MobilityOne Sdn Bhd, the wholly-owned subsidiary in Malaysia, has recently obtained approval from the Central Bank of Malaysia to issue e-Money for general retail purposes via prepaid card and mobile application. e-Money is a type of payment instrument which contains monetary value that has been paid in advance by the end users to the e-Money issuer in order to make payments to purchase goods from merchants such as retail outlets. When the end users pay using e-Money, the amounts are automatically deducted from their e-Money balance. Approval has also been given to allow e-Money to be used for mobile remittance services by Unique Change. The Directors consider that the e-Money business division will complement the Group's expanding network reach as e-Money provides an alternative payment method without the need for cash handling. At the same time, the Group will generate revenue from e-Money transactions. Moreover, the e-Money issuing capability can further strengthen the Group's plans to be a significant player in the fintech industry in Malaysia.

The Group, together with its technology partner, MiTP, has successfully deployed a new mobile financial services platform named "Tap 'n Pay" for Meghna Bank Ltd in Bangladesh. MobilityOne holds an option to acquire a 55% shareholding in MiTP for a nominal consideration. "Tap 'n Pay" mobile financial services offered through agents include bank account opening, digital payment, domestic fund transfer, prepaid reload, bill payment, bus and movie e-tickets and other products in the pipeline which will include the application and issuance of micro loans. MiTP anticipates that these services will play an important role in Bangladesh, where the majority of the population remains unbanked. With the entry of "Tap 'n Pay", the unbanked population will now be able to get access to basic banking services such as fund transfer from banking agents at convenience stores. To date there have been more than 4,000 points of sale, which use near field communication (NFC) technology, deployed in Bangladesh by MiTP and the plan is for MiTP to aggressively expand the points of sales through to the end of 2018. The partnership with MiTP will enable the Group to expand its services in Bangladesh as MiTP has a good business network in Bangladesh.

Abu Bakar bin Mohd Taib
Chairman

26 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	Six months Ended 30 June 2017 Unaudited	Six months Ended 30 June 2016 Unaudited	Financial year Ended 31 Dec 2016 Audited
CONTINUING OPERATIONS	**£**	**£**	**£**
Revenue	36,786,048	33,591,365	61,734,675
Cost of sales	(34,128,691)	(31,291,165)	(56,795,647)
GROSS PROFIT	2,657,357	2,300,200	4,939,028
Other operating income	37,850	21,695	136,382
Administration expenses	(2,124,772)	(1,778,599)	(4,002,159)
Other operating expenses	(236,355)	(249,684)	(515,807)
OPERATING PROFIT	334,080	293,612	557,444
Finance costs	(108,988)	(86,066)	(176,279)
PROFIT BEFORE TAX	225,092	207,546	381,165
Tax	(35,136)	(63,528)	(66,188)
PROFIT FOR THE PERIOD/YEAR	189,955	144,018	314,977

Attributable to:

Owners of the parent	190,799	144,761	315,352
Non-controlling interest	(844)	(743)	(375)
	189,955	144,018	314,977
EARNINGS PER SHARE			
Basic earnings per share (pence)	0.179	0.136	0.297
Diluted earnings per share (pence)	0.162	0.124	0.270
PROFIT FOR THE PERIOD/YEAR	189,955	144,018	314,977
OTHER COMPREHENSIVE PROFIT			
Foreign currency translation	(12,396)	158,894	(109,926)
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	177,559	302,912	419,903
Total comprehensive profit attributable to:			
Owners of the parent	177,559	301,259	420,453
Non-controlling interest	-	1,653	(550)
	177,559	302,912	419,903

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	At 30 June 2017 Unaudited £	At 30 June 2016 Unaudited £	At 31 Dec 2016 Audited £
Assets			
Non-current assets			

Intangible assets	-	31,733	-
Property, plant and equipment	668,289	545,204	507,151
	668,289	576,937	507,151
Current assets			
Inventories	1,559,986	1,055,079	1,101,772
Trade receivables	883,838	602,820	2,024,291
Other receivables	559,700	858,235	898,708
Tax recoverable	12,441	1,029	45,222
Cash and cash equivalents	2,386,063	2,571,104	1,955,270
	5,402,028	5,088,267	6,025,263
Total Assets	**6,070,317**	**5,665,204**	**6,532,414**
Shareholders' equity			
Equity attributable to equity holders of the Company			
Called up share capital	2,657,470	2,657,470	2,657,470
Share premium	909,472	909,472	909,472
Reverse acquisition reserve	708,951	708,951	708,951
Foreign currency translation reserve	781,951	845,744	794,347
Accumulated losses	(3,195,646)	(3,557,036)	(3,386,445)
Shareholders' equity	1,862,198	1,564,601	1,683,795
Non-controlling interest	(7,017)	(3,970)	(6,173)
Total Equity	1,855,181	1,560,631	1,677,622
Liabilities			
Non-current liabilities			
Loans and borrowings - secured	394,820	347,597	323,726
Current liabilities			
Trade payables	489,153	475,334	81,334

Other payables	300,306	552,741	2,019,895
Amount due to Directors	50,534	6,439	113,501
Loans and borrowings - secured	2,980,323	2,702,848	2,316,336
Tax Payable	-	19,614	-
	3,820,316	3,756,976	4,531,066
Total Liabilities	4,215,136	4,104,573	4,854,792
Total Equity and Liabilities	**6,070,317**	**5,665,204**	**6,532,414**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Non-Distributable				Distributable			
	Share Capital £	**Share Premium £**	**Reverse Acquisition Reserve £**	**Foreign Currency Translation Reserve £**	**Accumulated Losses £**	**Total £**	**Non-Controlling Interest £**	**Total £**
As at 1 January 2017	2,657,470	909,472	708,951	794,347	(3,386,445)	1,683,795	(6,173)	1,677,622
Foreign currency translation	-	-	-	(12,396)	-	(12,396)	-	(12,396)
Profit for the period	-	-	-	-	190,799	190,799	(844)	189,955
As at 30 June 2017	**2,657,470**	**909,472**	**708,951**	**781,951**	**(3,195,646)**	**1,862,198**	**(7,017)**	**1,855,181**

As at 1 January 2016	2,657,470	909,472	708,951	689,246	(3,701,797)	1,263,342	(5,623)	1,257,719
Foreign currency translation	-	-	-	156,498	-	156,498	2,396	158,894
Profit for the period	-	-	-	-	144,761	144,761	(743)	144,018
As at 30 June 2016	**2,657,470**	**909,472**	**708,951**	**845,744**	**(3,557,036)**	**1,564,601**	**(3,970)**	**1,560,631**

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of share issue expenses.

The reverse acquisition reserve relates to the adjustment required by accounting for the reverse acquisition in accordance with IFRS 3.

The Company's assets and liabilities stated in the Statement of Financial Position were translated into Pound Sterling (£) using the closing rate as at the Statement of Financial Position date and the income statements were translated into £ using the average rate for that period. All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Retained earnings represent the cumulative earnings of the Group attributable to equity shareholders.

Non-controlling interests represent the share of ownership of subsidiary companies outside the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Six months Ended 30 June 2017 Unaudited £	**Six months Ended 30 June 2016 Unaudited £**	**Financial year ended 31 Dec 2016 Audited £**
Cash flows from operating activities			
Cash generated from/(used in) operations	34,087	(768,380)	(792,145)
Interest paid	(108,130)	(86,066)	(176,279)

Interest received	28,883	21,668	46,279
Tax paid	(67,777)	(52,012)	108,394
Net cash used in operating activities	(112,937)	(884,790)	(1,029,946)
Cash flows from investing activities			
Purchase of property, plant and equipment	(122,710)	(18,042)	(23,871)
Net cash used in investing activities	(122,710)	(18,042)	(23,871)
Cash flows from financing activities			
(Repayment) / Drawdown of term loan	(6,124)	40,011	(33,783)
Drawdown /(Repayment) of short term borrowings	668,993	1,161,488	763,946
Drawdown /(Repayment) from finance lease payables	72,212	(29,348)	(35,962)
Net cash generated from financing activities	735,081	1,172,151	761,767
Increase in cash and cash equivalents	**499,434**	**269,319**	**(292,050)**
Effect of foreign exchange rate changes	**(68,641)**	**85,070**	**30,605**
Cash and cash equivalents at beginning of period/year	**1,955,270**	**2,216,715**	**2,216,715**
Cash and cash equivalents at end of period/year	**2,386,063**	**2,571,104**	**1,955,270**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2017 were authorised for issue by the Board of Directors on 26 September 2017.

The interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with those parts of the Companies (Jersey) Law 1991 applicable to companies preparing their financial statements under IFRS. It has been prepared in accordance with IAS 34 "Interim Financial Reporting" and does not include all of the information required for full annual financial statements. The financial statements have been prepared under the historical cost convention.

Full details of the accounting policies adopted, which are consistent with those disclosed in the Company's 2016 Annual Report, will be included in the audited financial statements for the year ending 31 December 2017.

2. Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position include financial statements of the Company and its subsidiaries made up to 30 June 2017.

3. Nature of financial information

The unaudited interim financial information for the six months ended 30 June 2017 does not constitute statutory accounts under the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2016 are extracted from the audited statutory financial statements. Full audited financial statements of the Group in respect of that financial year prepared in accordance with IFRS, which we received an unqualified audit opinion, have been delivered to the Registrar of Companies.

4. Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Group is Ringgit Malaysia (RM). The consolidated financial statements are presented in Pound Sterling (£), which is the Company's presentational currency as this is the currency used in the country in which the entity is listed.

Assets and liabilities are translated into Pound Sterling (£) at foreign exchange rates ruling at the Statement of Financial Position date. Results and cash flows are translated into Pound Sterling (£) using average rates of exchange for the period.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The financial information set out below has been translated at the following rates:

	Exchange rate (RM: £)	
	At Statement of Financial Position date	Average for year/ Period
Period ended 30 June 2017	5.58	5.52
Period ended 30 June 2016	5.44	5.88
Year ended 31 December 2016	5.51	5.61

5. Segmental analysis

No segmental analysis of revenues, profits, assets and liabilities are presented and no geographical segment information is presented as the Group mainly trades and provides services in only one region - the Far East.

6. Taxation

Taxation on the income statement for the financial period comprises current and deferred tax. Current tax is the expected amount of taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted at the Statement of Financial Position date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base at the Statement of Financial Position date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. The carrying amount of a deferred tax asset is reviewed at each Statement of Financial Position date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

7. Earnings per share

The basic earnings per share is calculated by dividing the profit in the six month period ended 30 June 2017 of £189,955 (30 June 2016: profit of £144,018 and year ended 31 December 2016: profit of £314,977) attributable to ordinary shareholders by the number of ordinary shares outstanding at 30 June 2017 of 106,298,780 (30 June 2016: 106,298,780 and 31 December 2016: 106,298,780).

The diluted earnings per share for the six month period ended 30 June 2017 is calculated using the number of shares adjusted to assume the conversion of all dilutive potential ordinary shares of 116,898,780 (on 5 December 2014, the Company granted share options of 10,600,000 shares at 2.5p to directors and certain employees of the Group).

8. Reconciliation of profit before tax to cash generated from operations

	Six months ended 30 June 2017 Unaudited	Six months ended 30 June 2016 Unaudited	Financial year ended 31 Dec 2016 Audited
	£	£	£
Cash flow from operating activities			
Profit before tax	225,092	207,546	381,165
Adjustments for:			
Depreciation	50,457	47,489	-
Amortisation of development costs	-	29,382	54,291
Property, plant and equipment written off	-	-	88,608
Inventory written off	-	-	1,701
Loss on disposal of subsidiary	-	-	176,279
Interest expenses	108,130	86,066	-
Interest income	(28,883)	(21,668)	(46,872)
Operating profit before working capital changes	354,796	348,815	655,172
(Increase)/Decrease in inventories	(458,214)	7,929	(40,465)
Decrease in receivables	1,512,242	1,886,733	424,789
Decrease in amount due to Directors	(62,967)	(112,164)	(5,102)
(Decrease)/Increase in payables	(1,311,770)	(2,899,693)	1,826,539
Cash generated from/(used in) operations	34,087	(768,380)	(792,145)

9. Contingent liabilities

In the period under review, corporate guarantees of RM20.0 million (£3.58 million) (H1 2016: RM20.0 million (£3.68 million) were given to a licensed bank by the Company for credit facilities granted to a subsidiary company.

10. Significant accounting policies

The interim consolidated financial statements have been prepared applying the same accounting policies that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2016 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2017. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2017 as detailed in the 2016 Annual Report, none of which have any impact on reported results.

Amortisation of intangible assets

Software is amortised over its estimated useful life. Management estimated the useful life of this asset to be within 10 years. Changes in the expected level of usage and technological development could impact the economic useful life therefore future amortisation could be revised.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The research and development costs are amortised on a straight-line basis over the life span of the developed assets. Management estimated the useful life of these assets to be within 5 years. Changes in the technological developments could impact the economic useful life and the residual values of these assets, therefore future amortisation charges could be revised.

Impairment of goodwill on consolidation

The Group's cash flow projections include estimates of sales. However, if the projected sales do not materialise there is a risk that the value of goodwill would be impaired.

The Directors have carried out a detailed impairment review in respect of goodwill. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering cash flows forecasts. The cash flow projections are based on the assumption that the Group can realise projected sales. A prudent approach has been applied with no residual value being factored. At the period end, based on these assumptions there was no indication of impairment of the value of goodwill or of development costs.

Research and development costs

All research costs are recognised in the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised through other operating expenses in the income statement using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each Statement of Financial Position date.

11. Dividends

The Company has not proposed or declared an interim dividend.

12. Interim report

This interim financial statement will, in accordance with Rule 26 of the AIM Rules for Companies, be available shortly on the Company's website at www.mobilityone.com.my.

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