MobilityOne Limited - MBO
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Final Results

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

Audited results for the year ended 31st December 2014

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider with its main operations in Malaysia announces its full year results for the year ended 31st December 2014.

A copy of the annual report and audited financial statements, along with notice of the Company's annual general meeting, to be held at 9.00 a.m. Malaysia time on 23 July 2015 at B-10-8, Level 10, Megan Avenue II, Jalan Yap Kwan Seng, 504508 Kuala Lumpur, Malaysia, is being posted to shareholders today and is available on the Company's website, www.mobilityone.com.my.

Highlights

- Revenue increased by 3.7% to £52.96 million (2013: £51.06 million) mainly contributed by growth in the mobile phone prepaid airtime reload and bill payment business via the Group's existing banking channel
- Discontinued the loss-making operations in Cambodia and Indonesia in March 2014 to mitigate further losses from these operations. The Group incurred a loss on disposal of the subsidiary in Indonesia of £0.17 million and wrote off the value of equipment of £0.16 million
- Profit after tax of £0.04 million (2013: loss after tax of £2.02 million) mainly due to the improvement in the mobile phone prepaid airtime reload and bill payment business
- The international remittance services did not perform well as expected and continued to incur losses. The Group has recently discontinued the international remittance services
- The Company expects an improve trading performance in 2015 and is currently exploring the opportunity to expand its e-payment solutions and services

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Chairman's Statement
For the year ended 31 December 2013

Introduction

The Directors are pleased to present the audited consolidated financial statements for MobilityOne Limited for the year ended 31 December 2014.

The revenue of the Group increased by 3.7% to £52.96 million, which was mainly contributed by growth in the mobile phone prepaid airtime reload and bill payment business via the Group's existing banking channels (such as mobile banking, internet banking and ATMs) and payment terminal base in Malaysia. The improved performance can be attributed to organic growth with the Group's existing business partners. With the discontinuation of the loss-making operations in Cambodia and Indonesia in March 2014, the Group has successfully mitigated further losses from these operations. However, the Group made a loss on disposal of the subsidiary in Indonesia of £0.17 million and wrote off the value of equipment of £0.16 million. In view of the above, the Group reported a profit after tax of approximately £0.04 million in 2014 (compared to a loss after tax of £2.02 million in 2013).

The operations in the Philippines continued to report losses with a small revenue contribution through the provision of an e-payment solution that allows a licensed betting company in the Philippines to collect bets using the Group's mobile payment terminals.

Similarly to previous year, the international remittance services in which the Group had only 6 outlets in Malaysia did not perform as expected and continued to incur losses. The Group has recently discontinued its outlet-based international remittance services.

During the year, the Group acquired a 100% equity interest in One Tranzact Sdn Bhd ("One Tranzact") for a nominal consideration. One Tranzact is incorporated in Malaysia and has been granted the Multimedia Super Corridor ("MSC") status from Multimedia Development Corporation Sdn Bhd in Malaysia with pioneer status which exempts 100% of the statutory business income from taxation for a period of up to 10 years. One Tranzact's operations are currently focused on the provision of electronic payment solutions and services to financial institutions in Malaysia.

MobilityOne Sdn Bhd, the Company's wholly-owned subsidiary operating in Malaysia, is an MSC status company, however its pioneer status expired on 25 April 2015.

Results

For the financial year ended 31 December 2014, the Group's revenue increased by 3.7% to £52.96 million (2013 revenue: £51.06 million). The increase in revenue was mainly generated by the Group's existing mobile phone prepaid airtime reload and bill payment business. The Group reported a profit after tax of approximately £0.04 million (2013 loss after tax: £2.02 million). The improvement in financial performance in 2014 was contributed by the mobile phone prepaid reload and bill payment business as well as the Group discontinuing its loss-making operations in Cambodia and Indonesia in March 2014. The Group made a loss on disposal of the subsidiary in Indonesia of £0.17 million and wrote off the value of equipment of £0.16 million.

As at 31 December 2014, the Group had cash and cash equivalents of £1.61 million (31 December 2013: cash and cash equivalents of £1.32 million). As at 31 December 2014, the secured loans and borrowings of the Group were £2.98 million (31 December 2013: £1.98 million) due to a slight increase of bank borrowings for working capital purposes and a property loan which was used to purchase the Group's new office in Kuala Lumpur, Malaysia.

Current trading and outlook

The movement back into profitability for the Group in 2014 is encouraging for the Board of MobilityOne and provides confidence for the Group's future prospects. The Directors are optimistic on the performance of the Group for 2015 as the Group's prepaid airtime reload and bill payment business via the existing business channels as well as contribution from more than 1,000 new agent banking points introduced by one of the Group's banking partner recently in Malaysia is expected to continue to grow and contribute positively to the performance of the Group in 2015. Furthermore, the Group is exploring the opportunity to expand its e-payment solutions and services via One Tranzact. One Tranzact aims to capitalise on the efforts of the Malaysian central bank to encourage switching from paper-based payments to e-payments. The Directors look forward to keeping shareholders updated on developments.

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Abu Bakar bin Mohd Taib
Chairman

Consolidated Income Statement
For the year ended 31 December 2014

	2014 £	2013 £
Revenue	52,957,761	51,058,036
Cost of sales	(49,338,665)	(47,869,527)
GROSS PROFIT	3,619,096	3,188,509
Other operating income	56,580	90,133
Administration expenses	(2,967,943)	(3,007,700)
Other operating expenses	(286,908)	(1,854,584)
OPERATING PROFIT/(LOSS)	420,825	(1,583,642)
Finance costs	(180,826)	(160,237)
PROFIT/(LOSS) BEFORE TAX	239,999	(1,743,879)
Discontinued operations, net of tax	(186,171)	(266,648)
Tax	(9,356)	(8,035)
PROFIT/(LOSS) FOR THE YEAR	44,472	(2,018,562)
Attributable to:		
Owners of the parent	47,561	(1,998,956)
Non-controlling interests	(3,089)	(19,606)
	44,472	(2,018,562)
BASIC EARNINGS PER SHARE		
Continuing operations (pence)	0.220	(1.642)
Discontinued operations (pence)	(0.175)	(0.238)
	0.045	(1.880)
DILUTED EARNINGS PER SHARE		
Continuing operations (pence)	0.220	(1.642)
Discontinued operations (pence)	(0.175)	(0.238)
	0.045	(1.880)
PROFIT/(LOSS) FOR THE YEAR	44,472	(2,018,562)
OTHER COMPREHENSIVE LOSS:		
Foreign currency translation	(74,155)	39,382
TOTAL COMPREHENSIVE LOSS	(29,683)	(1,979,180)
Total comprehensive loss attributable to:		
Owners of the parent	(26,594)	(1,961,398)
Non-controlling interests	(3,089)	(17,782)
	(29,683)	(1,979,180)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

		Non-Distributable			Distributable			
	Share Capital £	Share Premium £	Reverse Acquisition Reserve £	Foreign Currency Translation Reserve £	Retained Earnings £	Total £	Non-controlling Interests £	Total Equity £
As at 1 January 2013	2,657,470	909,472	708,951	830,460	(1,916,080)	3,190,273	(2,357)	3,187,916
Comprehensive loss								
Loss for the year	-	-	-	-	(1,998,956)	(1,998,956)	(19,606)	(2,018,562)
Foreign currency translation	-	-	-	37,558	-	37,558	1,824	39,382
Total comprehensive loss for the year	-	-	-	37,558	(1,998,956)	(1,961,398)	(17,782)	(1,979,180)
At 31 December 2013	2,657,470	909,472	708,951	868,018	(3,915,036)	1,228,875	(20,139)	1,208,736

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2014

		Non-Distributable			Distributable			
	Share Capital £	Share Premium £	Reverse Acquisition Reserve £	Foreign Currency Translation Reserve £	Retained Earnings £	Total £	Non-controlling Interests £	Total Equity £
As at 1 January 2014	2,657,470	909,472	708,951	868,018	(3,915,036)	1,228,875	(20,139)	1,208,736
Comprehensive loss								
Profit/(loss) for the year	-	-	-	-	47,561	47,561	(3,089)	44,472
Foreign currency translation	-	-	-	(74,155)	-	(74,155)	-	(74,155)
Total comprehensive loss for the year	-	-	-	(74,155)	47,561	(26,594)	(3,089)	(29,683)
Transaction with owners								
Disposal of subsidiary	-	-	-	-	-	-	20,063	20,063
Total transaction with owners	-	-	-	-	-	-	20,063	20,063
At 31 December 2014	2,657,470	909,472	708,951	793,863	(3,867,475)	1,202,281	(3,165)	1,199,116

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 Financial Position
As at 31 December 2014

	2014	2013
	£	£
ASSETS		
Non-current assets		
Intangible assets	565,836	720,045
Property, plant and equipment	562,934	529,979
	1,128,770	1,250,024
Current assets		
Inventories	545,798	749,363
Trade and other receivables	2,323,251	1,095,151
Cash and cash equivalents	1,608,255	1,319,993
Tax recoverable	3,450	10,228
	4,480,754	3,174,735
Assets of disposal group classified as held for sale	-	285,866
TOTAL ASSETS	5,609,524	4,710,625
SHAREHOLDERS' EQUITY		
Equity attributable to owners of the parent:		
Called up share capital	2,657,470	2,657,470
Share premium	909,472	909,472
Reverse acquisition reserve	708,951	708,951
Foreign currency translation reserve	793,863	868,018
Retained earnings	(3,867,475)	(3,915,036)
Shareholders' equity	1,202,281	1,228,875
Non-controlling interests	(3,165)	(20,139)
TOTAL EQUITY	1,199,116	1,208,736
LIABILITIES		
Non-current liability		
Loans and borrowings - secured	386,914	213,697
Current liabilities		
Trade and other payables	1,359,041	1,354,207
Amount due to Directors	73,423	98,096
Loans and borrowings - secured	2,591,030	1,764,168
	4,023,494	3,216,471
Liabilities directly associated with disposal group classified as held for sale	-	71,721
Total liabilities	4,410,408	3,288,192
TOTAL EQUITY AND LIABILITIES	5,609,524	4,710,625

Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	2014 £	2013 £
Cash flow (used in)/from operating activities		
Cash flow (used in)/from operations	(236,489)	1,256,264
Interest paid	(180,826)	(160,236)
Interest received	31,468	35,601
Tax paid	(9,168)	(7,807)
Tax refund	6,426	2,102
Net cash generated (used in)/from operating activities	(388,589)	1,125,924
Cash flow from investing activities		
Purchase of property, plant and equipment	(361,762)	(92,768)
Net cash outflow for disposal of subsidiary company	(1,123)	-
Net cash inflow for acquisition of subsidiary company	2,208	-
Net cash used in investing activities	(360,677)	(92,768)
Cash flows from financing activities		
Drawdown of term loan	300,739	-
Net change of banker acceptance	781,051	(21,710)
Repayment of finance lease payables	(106,708)	(104,011)
Repayment of letter of credit	-	(22,758)
Repayment of trust receipts	-	(325,793)
Repayment of term loan	(646)	-
Net cash from/(used in) financing activities	974,436	(474,272)
Increase in cash and cash equivalents	225,170	558,884
Effect of foreign exchange rate changes	63,092	(123,206)
Cash and cash equivalents at beginning of year	1,319,993	884,315
Cash and cash equivalents at end of year	1,608,255	1,319,993

The cash flows attributable to discontinued operations are as follows:

	2014 £	2013 £
Net cash flow from operating activities	-	38,235
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Net cash inflows	-	38,235

Notes to the Financial Statements
For the year ended 31 December 2014

1. Basis of preparation

These financial statements 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. The financial statements have been prepared under the historical cost convention.

2. Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Chairman's statement above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes.

In order to assess the going concern of the Group, the Directors have prepared cashflow forecasts for companies within the Group. These cashflow forecasts show the Group expects an increase in revenue and will have sufficient headroom over available banking facilities. The Group has obtained banking facilities sufficient to facilitate the growth forecast in future periods. No matters have been drawn to the Directors' attention to suggest that future renewals may not be forthcoming on acceptable terms.

In addition, the controlling shareholder has also undertaken to provide support to enable the group to meet its debts as and when they fall due.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statement does not include any adjustments that would result if the forecast were not achieved and shareholder support was withdrawn.

3. Functional currency translation

(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-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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
Year ended 31 December 2014	5.46	5.39
Year ended 31 December 2013	5.32	4.93

4. Segmental Analysis

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:-

(a) Telecommunication services and electronic commerce solutions
(b) Hardware
(c) Remittance services

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

No segment assets and capital expenditure are presented as they are mostly unallocated items which comprise corporate assets and liabilities.

No geographical segment information is presented as the Group mainly trades and provides services in only one region - the Far East.

5. 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.

6. Earnings per share

The basic earnings per share is calculated by dividing the profit of £47,561 (2013: loss of £1,998,956) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, which is 106,298,780 (2013: 106,298,780).

The diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. For the year ended 31 December 2014, the diluted earnings per share is equivalent to the basic earnings per share as the exercise price of the share options is above the market price at the financial year end.

7. Contingent liabilities

Save as disclosed below, the Group has no contingent liabilities arising in respect of legal claims arising from the ordinary course of business and it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

	Group	
	2014	**2013**
	£	**£**
Limit of guarantees		
Corporate guarantees given to a licensed bank by the Company for credit facilities granted to a subsidiary company	4,377,560	4,377,560
Amount utilised		
Banker's guarantee in favour of third parties	890,595	890,595

8. Significant accounting policies

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 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 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 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 the 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 five 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.

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