RNS Number : 9104S
MobilityOne Limited
20 September 2010

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

Interim results for the six months ended 30 June 2010

MobilityOne (AIM : MBO), an e-commerce infrastructure payment solutions and platform provider in Malaysia, Indonesia and Cambodia via its subsidiaries MobilityOne Sdn Bhd ("**MobilityOne Malaysia**"), Netoss Sdn Bhd and PT MobilityOne Indonesia (collectively known as the "**Group**"), announces its unaudited interim results for the six months ended 30 June 2010.

Highlights:

- Revenue increased by 81.0% to £9.77 million (H1 2009: £5.40 million)
- Loss after tax reduced by 51.4% to £204k (H1 2009: loss after tax of £420k)
- Expectations from the Directors that revenue growth and upturn in market conditions will further improve in the second half of the year
- Maintained investment in research and development ("**R&D**") of technologies as well as overseas expansion
- Signed Money Transfer Services Agreement with Coinstar Money Transfer Limited
- Set up a branch office in Cambodia and established agreements with 6 mobile operators in Cambodia

Commenting on the results, Dato' Hussian A. Rahman, Chief Executive Officer said: "In the first half of 2010, the revenue of the Group continued to grow with a narrowing of losses and we now see some positive signs of recovery in the markets in which the Group operate. The Group will continue to focus on its existing businesses and invest in R&D and overseas expansion. We remain confident about the prospects for the Group in the long term."

<u>About the Group:</u>

MobilityOne is the holding company of an established group of companies in the business of providing e-commerce infrastructure payment solutions and platforms through their proprietary technology solutions, which are marketed under the brands MoCS and ABOSSE.

The Group 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 such as electronic data capture ("**EDC**") terminals, short messaging services ("**SMS**"), automated teller machines ("**ATM**"), and internet banking.

The Group's technology platform is flexible, scalable and has been 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, please refer to our website at www.mobilityone.com.my

About Coinstar Money Transfer Limited ("CMT"):

CMT is a leading money transfer provider, with over 23,000 locations, operating in 143 countries worldwide. It was previously known as Travelex Money Transfer Limited and was owned by Travelex PLC until 2006, when it was acquired by Coinstar Inc..

Coinstar Inc. is a NASDAQ listed company based in Seattle, USA. The company was founded in 1991 and pioneered self-service coin counting machines to provide consumers with convenient and innovative means to convert loose coins into cash. Today, Coinstar Inc. is a multi-national company offering a range of solutions for retailers including self-service coin counting, electronic payment solutions, entertainment services and money transfer.

For more information on CMT, please refer to the website at www.cmtmoney.com

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Chairman's statement

With gradually improving economic conditions in the region, the Group reported a higher revenue growth and a reduction in losses during the first half of 2010. Besides the prepaid airtime reload business, the Group is bringing in more billers for its bill collection business via the Group's payment channels.

During the period, the Group signed an agreement with Carrefour Malaysia to roll out approximately 300 EDC terminals for mobile phone's prepaid airtime reloads across Carrefour Malaysia's 23 hypermarkets and 20 express stores throughout Malaysia. In addition, the Group was awarded a contract from Telekom Malaysia Berhad to supply telecommunication hardware over a period of 3 years. The total value of the contract is RM22.7 million (c. £4.7 million) and to date the Group has delivered approximately 10% of the total contract value.

For the Group's international remittance services, the Group has entered into a Money Transfer Services Agreement with Coinstar Money Transfer Limited to provide money transfer service from the Group's outlets in Malaysia to any of CMT's locations worldwide. This is in addition to the Group's existing agreements with G-Xchange, Inc. and M. Lhuillier in the Philippines as well as PT Finnet Indonesia and PT Telekomunikasi Selular in Indonesia for the money transfer service to the Philippines and Indonesia respectively.

Even though the overseas expansion has not yet provided a strong revenue growth to the Group, the Directors expect the operations in Cambodia and Indonesia to continue to grow in the future years. In Cambodia, the Group has entered into agreements with several telecommunications companies ("**telcos**"), namely Hello Axiata Company Limited ("**Hello**") (Hello Mobile - www.hello.com.kh), Latelz Co. Ltd (Smart Mobile - www.smart.com.kh), Cambodia Advance Communications Co. Ltd (QB Mobile - www.qbmore.com), Viettel (Cambodia) Pte Ltd (Metfone Mobile - www.metfone.com.my), Sotelco Ltd (Beeline - www.beeline.com) and Applifone Company Ltd (Star-Cell - www.star-cell.net) to sell their prepaid reloads via SMS, EDC terminals and banking channels. In addition, the Group is currently conducting tests with several banks in Cambodia to provide prepaid reloads via ATMs. Other than Hello that the Group has started the business operations with, the Group expects to commence its business operations with other telcos and banks in Cambodia either end of this year or early next year. To prepare itself for a long-term growth strategy in this region, the Group has set up a branch office in Cambodia.

In Indonesia, the Group has entered into an agreement with PT Citra Multi Services to provide up to 100,000 units of EDC terminals throughout Indonesia over a period of 7 years. The Group is currently negotiating with a potential business partner for the project and expects this venture to contribute positively to the Group's future earnings. In conjunction with its potential business partner, the Group continues to evaluate the funding options for this project.

Financial performance

In the first six months ended 30 June 2010, the Group recorded a revenue of £9.77 million, representing an increase of 81.0% when compared to revenue of £5.40 million in the corresponding period in 2009, and a loss after tax of £204k (H1 2009: loss after tax of £420k), representing a reduction of 51.4%. Loss before interest, tax, depreciation and amortisation ("**LBITDA**") for the six months ended 30 June 2010 was £58k compared to LBITDA of £293k in the corresponding period in 2009.

The increase in revenue was mainly due to increased demand for our existing mobile phone prepaid airtime reload business as well as increased revenue from our remittance business in Malaysia. Despite the increase in revenue, the Group continued to record a smaller loss mainly due to expenses incurred in exploring new business opportunities as well as continued investment in R&D.

Current trading and outlook

The Directors are confident that the Group's ongoing investment in R&D to develop innovative solutions as well as to explore new business opportunities in Malaysia and overseas markets will produce rewards in future periods.

Barring any unforeseen circumstances, the Group will continue to implement its existing strategy in the second half of the year and the Directors are cautiously optimistic on the outlook for the Group for the full year in terms of revenue growth and expect to see an improving performance into 2011.

Dato' Dr. Wan Azmi bin Ariffin
Chairman

17 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

	Six months ended 30 June 2010 Unaudited £	Six months ended 30 June 2009 Unaudited £	Financial year ended 31 Dec 2009 Audited £
Revenue	9,770,158	5,396,247	13,733,773
Cost of sales	(9,317,662)	(5,018,510)	(12,719,917)
GROSS PROFIT	452,496	377,737	1,013,856
Other operating income	89,589	57,578	71,713
Administration expenses	(515,217)	(728,109)	(1,496,741)
Other operating expenses	(191,592)	(96,575)	(435,114)
OPERATING LOSS	(164,724)	(389,369)	(846,286)
Finance costs	(39,256)	(30,537)	(71,057)
LOSS BEFORE TAX	(203,980)	(419,906)	(917,343)
Tax	-	-	-
LOSS FOR THE PERIOD	(203,980)	(419,906)	(917,343)
Attributable to:			
Equity holders of the Company	(203,730)	(417,192)	(916,220)
Minority interest	(250)	(2,714)	(1,123)
	(203,980)	(419,906)	(917,343)
EARNINGS PER SHARE			
Basic earnings per share (pence)	(0.22)	(0.53)	(1.15)
Diluted earnings per share (pence)	(0.22)	(0.53)	(1.15)
LOSS FOR THE PERIOD	(203,980)	(419,906)	(917,343)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations	295,503	(457,061)	(557,375)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	91,523	(876,967)	(1,474,718)
Attributable to:			
Equity holders of the Company	91,773	(874,253)	(1,473,595)
Minority interest	(250)	(2,714)	(1,123)
	91,523	(876,967)	(1,474,718)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	At 30 June 2010 Unaudited £	At 30 June 2009 Unaudited £	At 31 Dec 2009 Audited £
Assets			
Non-current assets			
Intangible assets	1,861,414	1,938,030	1,829,400
Property, plant and equipment	1,042,279	898,338	988,465
	2,903,693	2,836,368	2,817,865
Current assets			
Inventories	819,476	439,130	728,094
Trade receivables	337,606	397,148	333,737
Other receivables	88,121	90,910	81,976
Tax recoverable	8,332	-	7,434
Cash and cash equivalents	460,169	438,649	400,304
	1,713,704	1,365,837	1,551,545
Non-current assets held for sale	-	352,431	375,442
	1,713,704	1,718,268	1,926,987
Liabilities			
Current liabilities			
Trade payables	142,449	296,308	135,470
Other payables	283,413	200,460	314,092
Amount due to Directors	29,047	-	29,047
Borrowings -secured	1,053,805	699,413	1,182,498
	1,508,714	1,196,181	1,661,107
Liability relating to non-current assets held for sale	-	31,404	71,090
	1,508,714	1,227,585	1,732,197
Net current assets	204,990	490,683	194,790
Total assets less current liabilities	3,108,683	3,327,051	3,012,655
Non-current liabilities			
Borrowings - secured	75,073	211,468	70,318
Net assets	3,033,610	3,115,583	2,942,337
Shareholders' equity			
Equity attributable to equity holders of the Company			
Called up share capital	2,339,374	1,974,374	2,339,374
Share premium	782,234	782,234	782,234
Reverse acquisition reserve	708,951	708,951	708,951
Foreign currency translation reserve	847,644	587,718	552,141
Retained earnings	(1,643,416)	(940,408)	(1,439,436)
Shareholders' equity	3,034,787	3,112,869	2,943,264
Minority interest	(1,177)	2,714	(927)
Total Equity	3,033,610	3,115,583	2,942,337

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

	Non-Distributable				Distributable			
	Share capital £	**Share premium £**	**Reverse acquisition reserve £**	**Foreign currency translation reserve £**	**Retained earnings £**	**Total £**	**Minority interest £**	**Total £**
As at 1 January 2010	2,339,374	782,234	708,951	552,141	(1,439,436)	2,943,264	(927)	2,942,337
Foreign currency translation	-	-	-	295,503	-	295,503	-	295,503
Loss for the period	-	-	-	-	(203,980)	(203,980)	(250)	(204,230)
As at 30 June 2010	**2,339,374**	**782,234**	**708,951**	**847,644**	**(1,643,416)**	**3,034,787**	**(1,177)**	**3,033,610**
As at 1 January 2009	1,974,374	782,234	708,951	1,049,357	(523,216)	3,991,700	850	3,992,550
Foreign currency translation	-	-	-	(461,639)	-	(461,639)	4,578	(457,061)
Loss for the period	-	-	-	-	(417,192)	(417,192)	(2,714)	(419,906)
As at 30 June 2009	**1,974,374**	**782,234**	**708,951**	**587,718**	**(940,408)**	**3,112,869**	**2,714**	**3,115,583**

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.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

	Six months ended 30 June 2010 Unaudited £	**Six months ended 30 June 2009 Unaudited £**	**Financial year ended 31 Dec 2009 Audited £**
Cash flows from operating activities			
Cash generated from/(depleted in) operations	259,860	1,030,010	(489,661)
Interest paid	(39,256)	(30,537)	(71,057)
Interest received	1,542	190	1,902
Net cash generated from/(used in) operating activities	222,146	999,663	(558,816)
Cash flows from investing activities			
Purchase of property, plant and equipment	-	-	(57,804)
Proceeds from disposal of property, plant and equipment	372,600	-	-
Net cash generated from/(used in) investing activities	372,600	-	(57,804)
Cash flows from financing activities			
Drawdown of short term borrowings	123,938	63,014	472,719
Repayment of term loan	(186,440)	(34,325)	(89,122)
Repayment from finance lease payables	-	-	(4,662)
Proceeds from issuance of ordinary shares	-	-	365,000
Net cash (used in)/generated from financing activities	(62,502)	28,689	743,935
Increase in cash and cash equivalents	532,244	1,028,352	127,315
Effect of foreign exchange rate changes	(472,379)	(999,788)	(137,096)
Cash and cash equivalents at beginning of period/year	400,304	410,085	410,085
Cash and cash equivalents at end of period/year	460,169	438,649	400,304

NOTES TO THE INTERIM FINANCIAL STATEMENT

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2010 were authorised for issue by the Board of Directors on 17 September 2010.

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 2009 Annual Report, will be included in the audited financial statements for the year ending 31 December 2010.

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 2010.

3. Nature of financial information

The financial information contained in these interim financial statements for the six months ended 30 June 2010 and 30 June 2009 are unaudited. The comparative figures for the year ended 31 December 2009 do not constitute statutory financial statements of the Group. 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 2010	4.91	5.20
Period ended 30 June 2009	5.86	5.39
Year ended 31 December 2009	5.50	5.53

5. Segmental reporting

The Group's activities are treated as a single class of business, all arising from goods and services provided in the Far East. Accordingly, no segmental analysis of revenues, profits, assets and liabilities is available for presentation.

6. Taxation

The direct subsidiary company, MobilityOne Malaysia, was granted a MSC status (Pioneer Status) by Multimedia Development Corporate Sdn Bhd and is entitled to tax-free incentives in Malaysia for a period of 5 years effective from 27 April 2005 to 26 April 2010, with an option to extend for additional 5 years. The approval for the extension is still pending.

7. Earnings per share

The basic earnings per share is calculated by dividing the loss in the six month period ended 30 June 2010 of £203,730 (30 June 2009: loss of £417,192 and year ended 31 December 2009: loss of £916,220) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at 30 June 2010 of 93,574,951 (the number of ordinary shares outstanding at 30 June 2009 was 78,974,951 and weighted average number of ordinary shares outstanding for the financial year ended 31 December 2009 was 79,934,951).

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 period/year ended 30 June 2010, 30 June 2009 and 31 December 2009, the diluted earnings per share is equivalent to the basic earnings per share as the exercise price of the share options is above the current market price.

8. Contingent liabilities

In the period under review, corporate guarantees of RM6,100,000 (£1,242,363) were given to a licensed bank by a subsidiary company, MobilityOne Malaysia, for credit facilities granted to a third party.

9. Significant accounting policies

The interim condensed 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 2009 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2010. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2010 as detailed in the 2009 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 5 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.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flows forecasts. If an indication exists an impairment review is carried out. At the period end, there was no indication of impairment of the value of goodwill on consolidation or of development costs. During the period, the Group did not recognise any impairment loss in respect of the goodwill on consolidation

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 the net present value of discounted cash flows forecasts which have been discounted at 8.5%. 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.

However, if the projected sales do not materialise there is a risk that the value of the intangible assets shown above would be impaired.

Development costs

Development costs will not be amortised if the product is still in its development phase. The amortisation of the development costs is over 5 years period, which in the opinion of the Directors is adequate.

Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Revenue from trading activities

Revenue in respect of using the Group's e-Channel platform arises from the sales of prepaid credit, sales commissions received and fees per transaction charged to customers. Revenue for sales of prepaid credit is deferred until such time as the products and services are delivered to end users. Sales commissions and transaction fees are received from various product and services providers and are recognised when the services are rendered and transactions are completed.

Revenue from solution sales and consultancy comprise sales of software solutions, hardware equipment, consultancy fees and maintenance and support services. For sales of hardware equipment, revenue is recognised when the significant risks associated with the equipment are transferred to customers or the expiry of the right of return. For all other related sales, revenue is recognised upon delivery to customers and over the period in which services are expected to be provided to customers.

(ii) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

Inventories

Inventories are valued at the lower of cost and net realisable value and are determined on the first-in-first-out method, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

10. Dividends

The Company has not proposed or declared an interim dividend.

11. Interim report

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

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