MobilityOne Limited - MBO Half-year Report
Released 11:00 24-Sep-2019

RNS Number : 4664N
MobilityOne Limited
24 September 2019

24 September 2019

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

Unaudited interim results for the six months ended 30 June 2019

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider, announces its unaudited interim results for the six months ended 30 June 2019.

Highlights:

· Revenue increased by 37.2% to £78.9 million (H1 2018: £57.5 million) contributed by strong growth in the Group's mobile phone prepaid airtime reload and bill payment business in Malaysia via mainly mobile and internet channels;

· Profit after tax of £0.42 million (H1 2018: loss after tax of £0.83 million);

· Cash and cash equivalents at 30 June 2019 of £4.99 million (30 June 2018: £3.21 million);

· The Group is planning to expand its existing e-Money business in Malaysia and has recently commenced the Group's mobile remittance service which allows money transfer using a mobile application; and

· The Group remains confident on the outlook for the full year, based on both the strong financial performance of the Group in the first half of the year as well as the future prospects for the Group particularly in the mobile phone prepaid airtime reload and bill payment business.

For further information, contact:

MobilityOne Limited	+6 03 89963600
Dato' Hussian A. Rahman, CEO	www.mobilityone.com.my
har@mobilityone.com.my	
Allenby Capital Limited	
(Nominated Adviser and Broker)	+44 20 3328 5656
Nick Athanas /James Hornigold	

About the Group:

MobilityOne provides e-commerce infrastructure payment solutions and platforms through its proprietary technology solutions. 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 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 Group's revenue increased by 37.2% to £78.92 million (H1 2018: revenue of £57.51 million) in the first six months of 2019. This increase in revenue was as a result of strong growth from the Group's e-payment business in the mobile phone prepaid airtime reload and bill payment business in Malaysia via mainly the Group's banking channels (i.e. mobile banking and internet banking) with 10 banks and third parties' e-wallet applications whereby more customers are using mobile and internet channels. The Group's c.2,500 payment terminal base has also contributed to the revenue growth. As a result of the substantial increase in revenue in the period under review, the Group returned to profitability having suffering losses in the last two financial years and recorded a net profit after tax of £0.42 million in the first six months of 2019 (H1 2018: loss after tax of £0.83 million).

The Group's international remittance services in Malaysia via its 50%-owned associate company, OneTransfer Remittance Sdn Bhd, has not made a significant contribution to the Group. The revenue from the Group's operations in the Philippines remained insignificant through the provision of an e-payment solution. In addition, the Group's new venture in Brunei has started to record a small revenue contribution from its e-payment solution.

During the first six months of 2019 the Group's business in Bangladesh, through its 55% owned operating subsidiary, Mobility I Tap Pay (Bangladesh) Limited ("MiTP"), continued to generate minimal revenues and incur losses. The Group disposed of the subsidiary in July 2019 in order to avoid further losses to the Group. The impact of MiTP is included in the results for the Group for the six months ended 30 June 2019.

As at 30 June 2019, the Group had cash and cash equivalents of £4.99 million (30 June 2018: cash and cash equivalents of £3.21 million) and the secured loans and borrowings from financial institutions amounted to £4.08 million (30 June 2018: £3.87 million).

Current trading and outlook

The Group is planning to expand its existing e-Money business in Malaysia, initially by targeting students. e-Money is a type of payment instrument where it contains monetary value that has been paid in advance by the end users to the e-Money issuer 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. The Group currently has agreements with 5 schools in Malaysia to test the integrated student cards with payments.

The Group has also recently commenced a mobile remittance service which allows money transfer using a mobile application. In addition, to further expand the group's electronic payment base and to introduce new revenue streams, the Group is planning to work with small convenient stores in Malaysia to improve their store image by introducing the brand name of "OneShop". The Group will work closely with these convenience stores to market products and to introduce the latest electronic payment capabilities within the stores. For this purpose, the Group is in the midst of incorporating a new wholly-owned subsidiary in Malaysia to be named "OneShop Sdn Bhd". For future growth, the Group will continue to enhance its product offering and payment systems, including online payment gateway which covers the acceptance of credit cards and payment wallets.

Even though the operations in the Philippines and Brunei for the provision of e-payment solutions is not expected to make a significant contribution to the Group in 2019, the Group is also exploring other business opportunities in these countries.

The Group remains confident on the outlook for the full year, based on both the strong financial performance of the Group in the first half of the year as well as the future prospects for the Group, both in the mobile phone prepaid airtime reload and bill payment business as well as the remittance services and other initiatives.

Abu Bakar bin Mohd Taib
Chairman

24 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

CONTINUING OPERATIONS	**Six months Ended 30 June 2019 Unaudited £**	**Six months Ended 30 June 2018 Unaudited £**	**Financial year Ended 31 Dec 2018 Audited £**
Revenue	78,920,618	57,506,068	125,471,796
Cost of sales	(73,676,744)	(54,013,646)	(118,106,575)
GROSS PROFIT	5,243,874	3,492,422	7,365,221
Other operating income	59,822	48,296	77,544
Administration expenses	(4,610,647)	(4,011,980)	(8,445,816)
Distribution costs	(384)	-	(103,632)
Other operating expenses	(124,664)	(186,981)	(231,621)
Share of associate result	-	-	(22,285)
OPERATING PROFIT/(LOSS)	568,001	(658,243)	(1,360,589)
Finance costs	(144,002)	(122,663)	(276,426)
PROFIT/(LOSS) BEFORE TAX	423,999	(780,906)	(1,637,015)
Tax	(2,813)	(51,486)	274,564
PROFIT/(LOSS) FOR THE PERIOD/YEAR	421,186	(832,392)	(1,362,451)
Attributable to:			
Owners of the parent	786,931	(514,013)	(735,204)
Non-controlling interest	(365,745)	(318,379)	(627,247)
	421,186	(832,392)	(1,362,451)

EARNINGS PER SHARE			
Basic earnings/(loss) per share (pence)	0.740	(0.484)	(0.692)
Diluted earnings/(loss) per share (pence)	0.677	(0.442)	(0.692)
PROFIT/(LOSS) FOR THE PERIOD/YEAR	421,186	(832,392)	(1,362,451)
OTHER COMPREHENSIVE PROFIT			
Foreign currency translation	11,718	15,390	838
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	432,904	(817,002)	(1,361,613)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent	445,693	(789,042)	(696,138)
Non-controlling interest	(12,789)	(27,960)	(665,475)
	432,904	(817,002)	(1,361,613)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	At 30 June 2019 Unaudited £	**At 30 June 2018 Unaudited £**	**At 31 Dec 2018 Audited £**
Assets			
Non-current assets			
Intangible assets	268,501	315,288	302,286
Property, plant and equipment	1,855,510	2,451,226	1,884,900
Deferred tax assets	193,251	-	193,962
	2,317,262	2,766,514	2,381,148
Current assets			
Inventories	1,317,318	1,487,577	1,381,106
Trade receivables	3,040,250	2,834,275	3,056,458
Other receivables	1,399,891	1,838,700	1,203,628
Tax recoverable	142,591	225,256	141,890
Assets held for sale	63,740	-	119,439
Cash and cash equivalents	4,994,352	3,213,816	4,181,490
	10,958,142	9,599,624	10,084,011
Total Assets	**13,275,404**	**12,366,138**	**12,465,159**
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	894,229	897,063	882,511
Accumulated losses	(3,968,077)	(4,533,817)	(4,755,008)
Shareholders' equity	1,202,045	639,139	403,396
Non-controlling interest	(1,681,855)	(984,185)	(1,303,321)
Total Equity	(479,810)	(345,046)	(899,925)
Liabilities			
Non-current liabilities			
Loans and borrowings - secured	269,651	574,116	499,893
Deferred tax liabilities	472	129,867	470
Amount due to directors	1,911,200	1,689,622	1,754,319
	2,181,323	2,393,605	2,254,682
Current liabilities			
Trade payables	1,816,034	776,136	1,272,014
Other payables	5,772,848	6,245,697	5,943,526
Amount due to directors	174,598	2,670	122,685
Loans and borrowings - secured	3,805,908	3,293,076	3,767,696
Tax payables	4,503	-	4,481
	11,573,891	10,317,579	11,110,402
Total Liabilities	13,755,214	12,711,184	13,365,084
Total Equity and Liabilities	**13,275,404**	**12,366,138**	**12,465,159**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

	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 2018	2,657,470	909,472	708,951	881,673	(4,019,804)	1,137,762	(637,846)	499,916
Foreign currency translation	-	-	-	15,390	-	15,390	(27,960)	(12,570)
(Loss) for the period	-	-	-	-	(514,013)	(514,013)	(318,379)	(832,392)
As at 30 June 2018	**2,657,470**	**909,472**	**708,951**	**897,063**	**(4,533,817)**	**639,139**	**(984,185)**	**(345,046)**
As at 1 July 2018	2,657,470	909,472	708,951	897,063	(4,533,817)	639,139	(984,185)	(345,046)
Foreign currency translation	-	-	-	(14,552)	-	(14,552)	(10,268)	(24,820)
(Loss) for the period	-	-	-	-	(221,191)	(221,191)	(308,868)	(530,059)
As at 31 Dec 2018	**2,657,470**	**909,472**	**708,951**	**882,511**	**(4,755,008)**	**403,396**	**(1,303,321)**	**(899,925)**
As at 1 January 2019	2,657,470	909,472	708,951	882,511	(4,755,008)	403,396	(1,303,321)	(899,925)
Foreign currency translation	-	-	-	11,718	-	11,718	(12,789)	(1,071)
Profit for the period	-	-	-	-	786,931	786,931	(365,745)	421,186
As at 30 June 2019	**2,657,470**	**909,472**	**708,951**	**894,229**	**(3,968,077)**	**1,202,045**	**(1,681,855)**	**(479,810)**

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 2019

	Six months Ended 30 June 2019 Unaudited £	Six months Ended 30 June 2018 Unaudited £	Financial year ended 31 Dec 2018 Audited £
Cash flows from operating activities			
Cash generated from operations	1,117,239	447,908	1,201,064
Interest paid	(144,002)	(120,257)	(276,426)
Interest received	41,725	38,085	66,554
Tax paid	(2,813)	(49,127)	(93,759)
Net cash generated from operating activities	1,012,149	316,609	897,433
Cash flows from investing activities			
Purchase of property, plant and equipment	(39,716)	(334,430)	(893,113)
Decrease/(Increase) in asset held for sale	55,699	-	(119,439)
Proceeds from disposal of property, plant and equipment	-	-	779,123
Net cash inflow for acquisition of subsidiary company	-	-	18,267
Net cash used in investing activities	15,983	(334,430)	(215,162)
Cash flows from financing activities			
Drawdown of borrowings	-	-	90,429
Increase in pledged fixed deposits	-	-	(297,416)
Net change of banker acceptance	(2,671)	(223,183)	252,118
Repayment from finance lease payables	(87,381)	(47,577)	(13,604)

Repayment of term loan	(10,634)	(10,312)	(6,375)
Net cash (used in)/from financing activities	(100,686)	(281,072)	25,152
Increase/(Decrease) in cash and cash equivalents	**927,446**	**(298,893)**	**707,423**
Effect of foreign exchange rate changes	**(41,412)**	**187,858**	**76,044**
Cash and cash equivalents at beginning of period/year	**4,108,318**	**3,324,851**	**3,324,851**
Cash and cash equivalents at end of period/year	**4,994,352**	**3,213,816**	**4,108,318**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2019 were authorised for issue by the Board of Directors on 24 September 2019.

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 2018 Annual Report, will be included in the audited financial statements for the year ending 31 December 2019.

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 2019.

3. Nature of financial information

The unaudited interim financial information for the six months ended 30 June 2019 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 2018 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 2019	5.24	5.33
Period ended 30 June 2018	5.30	5.42
Year ended 31 December 2018	5.27	5.39

5. Segmental analysis

No segmental analysis of 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 more than 95% of the Group's revenue was generated in Malaysia.

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 2019 of £786,931 (30 June 2018: loss of £514,013 and year ended 31 December 2018: loss of £735,204) attributable to owners of the parent by the number of ordinary shares outstanding at 30 June 2019 of 106,298,780 (30 June 2018: 106,298,780 and 31 December 2018: 106,298,780).

The diluted earnings per share for the six month period ended 30 June 2019 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 2019 Unaudited	Six months ended 30 June 2018 Unaudited	Financial year ended 31 Dec 2018 Audited
	£	**£**	**£**
Cash flow from operating activities			
Profit/(Loss) before tax	423,999	(780,906)	(1,637,015)
Adjustments for:			
Depreciation	90,422	248,886	649,905
Amortisation of intangible assets	34,672	73	68,852
Amortisation of development costs	-	33,691	-
Interest expenses	144,002	120,257	276,426
Interest income	(41,725)	(38,085)	(66,554)
Operating profit/(loss) before working capital changes	651,370	(416,084)	(708,386)
Decrease in inventories	63,788	133,801	240,272
(Increase) in receivables	(180,055)	(1,006,480)	(593,591)
Increase in amount due to Directors & Shareholder	208,794	153,288	238,400
Increase in payables	373,342	1,583,383	2,024,369
Cash generated from operations	1,117,239	447,908	1,201,064

9 Contingent liabilities

In the period under review, corporate guarantees of RM20.0 million (£3.82 million) (H1 2018: RM20.0 million (£3.58 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 2018 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2019. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2019 as detailed in the 2018 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.

-Ends-

END

IR KZLBLKKFEBBF