MobilityOne Limited - MBO Half-year Report
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MobilityOne Limited
28 September 2018

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

Unaudited interim results for the six months ended 30 June 2018

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider, announces its unaudited interim results for the six months ended 30 June 2018.

Highlights:

· Revenue increased by 56.32% to £57.51 million (H1 2017: £36.79 million) mainly contributed by growth in the Group's mobile phone prepaid airtime reload and bill payment business in Malaysia;

· Loss after tax of £0.83 million (H1 2017: profit after tax of £0.19 million) mainly due to the loss contributed by the 55%-owned subsidiary, Mobility I Tap Pay (Bangladesh) Limited ("**MiTP**") which was acquired in November 2017;

· Cash and cash equivalents at 30 June 2018 of £3.21 million (30 June 2017: £2.39 million); and

· The Directors of MobilityOne expect the Group's e-payment business in the mobile phone prepaid airtime reload and bill payment business in Malaysia to continue to grow but the overall the trading performance in the second half of 2018 to be challenging as the business in Bangladesh via MiTP is expected to continue to incur more costs to expand the point of sales and user base.

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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 56.32% to £57.51 million (H1 2017: revenue of £36.79 million) in the first six months of 2018, which was mainly contributed by growth of the Group's e-payment business 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) with 10 banks and approximately 2,000 payment terminal bases in Malaysia. However, the Group recorded a net loss after tax of £0.83 million in the first six months of 2018 (H1 2017: profit after tax of £0.19 million) mainly due to the loss contributed by MiTP.

MiTP is providing a mobile financial services platform in Bangladesh, which includes a mobile banking app, for Meghna Bank Ltd ("**Meghna**"). Meghna is a commercial bank which currently has 47 branches in Bangladesh. The mobile financial services platform, named "Tap 'n Pay", has been launched by Meghna. More than 7,000 point of sales devices have been deployed in Bangladesh by MiTP for Meghna's mobile financial services. MiTP has been investing to expand the point of sales and user base and has only started generated a small revenue in the first half of 2018.

The Group's business in the Philippines in the provision of e-payment solution and the international remittance services in Malaysia via its 50%-owned associate company, Happy Remit Sdn Bhd (formerly known as Unique Change Sdn Bhd) ("**Happy Remit**") have not made a significant contribution to the Group.

As at 30 June 2018, the Group had cash and cash equivalents of £3.21 million (30 June 2017: cash and cash equivalents of £2.39 million) and the secured loans and borrowings from financial institutions were £3.87 million (30 June 2017: £3.38 million).

Current trading and outlook

The Directors expect the Group's e-payment business in the mobile phone prepaid airtime reload and bill payment business in Malaysia to continue to grow but the international remittance services by Happy Remit in Malaysia 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 2018. Nevertheless, the mobile remittance services by Happy Remit to conduct money transfer services using a mobile application is hoped to open up the Group's money transfer services to untapped markets and bring growth to this segment of the Group's business in the longer term.

The business in Bangladesh via MiTP is expected to continue to incur more costs in the second half of 2018 to expand the point of sales and user base. As such, the Directors expect the overall financial performance of the Group in the second half of 2018 to be impacted by the expected losses of MiTP. Nevertheless, the long-term prospects of MiTP with new services to be introduced in the future, such as inward money transfer services and local municipal bill payment services, are expected to enhance the growth of MiTP's business in Bangladesh and the Group as a whole.

Abu Bakar bin Mohd Taib
Chairman

28 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

CONTINUING OPERATIONS	**Six months Ended 30 June 2018 Unaudited £**	**Six months Ended 30 June 2017 Unaudited £**	**Financial year Ended 31 Dec 2017 Audited £**
Revenue	57,506,068	36,786,048	85,140,366
Cost of sales	(54,013,646)	(34,128,691)	(79,846,346)
GROSS PROFIT	3,492,422	2,657,357	5,294,020
Other operating income	48,296	37,850	233,981
Administration expenses	(4,011,980)	(2,124,772)	(5,129,886)
Other operating expenses	(186,981)	(236,355)	(782,481)
OPERATING (LOSS)/PROFIT	(658,243)	334,080	(384,366)
Finance costs	(122,663)	(108,988)	(228,872)
(LOSS)/PROFIT BEFORE TAX	(780,906)	225,092	(613,238)
Tax	(51,486)	(35,136)	(121,430)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	(832,392)	189,955	(734,668)
Attributable to:			
Owners of the parent	(514,013)	190,799	(633,359)
Non-controlling interest	(318,379)	(844)	(101,309)
	(832,392)	189,955	(734,668)
EARNINGS PER SHARE			
Basic (loss)/earnings per share (pence)	(0.484)	0.179	(0.596)
Diluted (loss)/earnings per share (pence)	(0.440)	0.163	(0.541)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	(832,392)	189,955	(734,668)
OTHER COMPREHENSIVE PROFIT			
Foreign currency translation	15,390	(12,396)	87,326
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD	(817,002)	177,559	(647,342)
Total comprehensive (loss)/profit attributable to:			
Owners of the parent	(789,042)	177,559	(9,496)
Non-controlling interest	(27,960)	-	(637,846)

	(817,002)	177,559	(647,342)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	At 30 June 2018 Unaudited £	At 30 June 2017 Unaudited £	At 31 Dec 2017 Audited £
Assets			
Non-current assets			
Intangible assets	315,288	-	338,938
Property, plant and equipment	2,451,226	668,289	2,272,557
	2,766,514	668,289	2,611,495
Current assets			
Inventories	1,487,577	1,559,986	1,621,378
Trade receivables	2,834,275	883,838	2,714,444
Other receivables	1,838,700	559,700	952,351
Tax recoverable	225,256	12,441	75,104
Cash and cash equivalents	3,213,816	2,386,063	3,425,316
	9,599,624	5,402,028	8,788,293
Total Assets	**12,366,138**	**6,070,317**	**11,399,788**
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	897,063	781,951	881,673
Accumulated losses	(4,533,817)	(3,195,646)	(4,019,804)
Shareholders' equity	639,139	1,862,198	1,137,762
Non-controlling interest	(984,185)	(7,017)	(637,846)
Total Equity	(345,046)	1,855,181	499,916
Liabilities			
Non-current liabilities			
Loans and borrowings - secured	574,116	394,820	431,825
Deferred tax liabilities	129,867	-	125,076
Amount due to directors	1,689,622	-	1,536,417
	2,393,605	394,820	2,093,318
Current liabilities			
Trade payables	776,136	489,153	481,804
Other payables	6,245,697	300,306	4,709,367
Amount due to directors	2,670	50,534	102,187
Loans and borrowings - secured	3,293,076	2,980,323	3,513,196
	10,317,579	3,820,316	8,806,554
Total Liabilities	12,711,184	4,215,136	10,899,872
Total Equity and Liabilities	**12,366,138**	**6,070,317**	**11,399,788**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

	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)
Profit 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 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**

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 2018

	Six months Ended 30 June 2018 Unaudited £	**Six months Ended 30 June 2017 Unaudited £**	**Financial year ended 31 Dec 2017 Audited £**
Cash flows from operating activities			
Cash generated from/(used in) operations	447,908	34,087	1,069,141
Interest paid	(120,257)	(108,130)	(228,872)
Interest received	38,085	28,883	62,631
Tax paid	(49,127)	(67,777)	(136,030)
Net cash used in operating activities	316,609	(112,937)	766,870
Cash flows from investing activities			
Purchase of property, plant and equipment	(334,430)	(122,710)	(301,387)
Development costs	-	-	(338,200)
Intangible asset	-	-	(779)
Net cash inflow for acquisition of subsidiary company	-	-	204,291
Net cash used in investing activities	(334,430)	(122,710)	(436,075)
Cash flows from financing activities			
(Repayment) / Drawdown of term loan	(10,312)	(6,124)	(3,122)
Drawdown /(Repayment) of short term borrowings	(223,183)	668,993	1,002,406
Drawdown /(Repayment) from finance lease payables	(47,577)	72,212	(44,797)
Net cash generated from financing activities	(281,072)	735,081	954,487
(Decrease)/Increase in cash and cash equivalents	**(298,893)**	**499,434**	**1,285,282**
Effect of foreign exchange rate changes	**187,858**	**(68,641)**	**84,299**
Cash and cash equivalents at beginning of period/year	**3,324,851**	**1,955,270**	**1,955,270**
Cash and cash equivalents at end of period/year	**3,213,816**	**2,386,063**	**3,324,851**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2018 were authorised for issue by the Board of Directors on 28 September 2018.

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 2017 Annual Report, will be included in the audited financial statements for the year ending 31 December 2018.

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 2018.

3. Nature of financial information

The unaudited interim financial information for the six months ended 30 June 2018 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 2017 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 2018	5.30	5.42
Period ended 30 June 2017	5.58	5.52
Year ended 31 December 2017	5.47	5.53

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 loss in the six month period ended 30 June 2018 of £514,013 (30 June 2017: profit of £190,799 and year ended 31 December 2017: loss of £633,359) attributable to owners of the parent by the number of ordinary shares outstanding at 30 June 2018 of 106,298,780 (30 June 2017: 106,298,780 and 31 December 2017: 106,298,780).

The diluted earnings per share for the six month period ended 30 June 2018 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 2018 Unaudited	Six months ended 30 June 2017 Unaudited	Financial year ended 31 Dec 2017 Audited
	£	£	£
Cash flow from operating activities			
Profit before tax	(780,906)	225,092	(613,238)
Adjustments for:			
Depreciation	248,886	50,457	179,027
Amortisation of intangible assets	73	-	23
Amortisation of development costs	33,691	-	-
Inventory written off	-	-	5,650
Impairment loss on goodwill	-	-	643,729
Interest expenses	120,257	108,130	228,872
Interest income	(38,085)	(28,883)	(62,631)
Operating profit before working capital changes	(416,084)	354,796	381,432
(Increase)/Decrease in inventories	133,801	(458,214)	(257,526)
(Increase)/Decrease in receivables	(1,006,480)	1,512,242	458,111
(Increase)/Decrease in amount due to Directors	153,288	(62,967)	(104,997)
Increase/(Decrease) in payables	1,583,383	(1,311,770)	1,508,343
Cash generated from/(used in) operations	447,908	34,087	(1,069,141)

9 Contingent liabilities

In the period under review, corporate guarantees of RM20.0 million (£3.58 million) (H1 2017: 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 2017 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2018. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2018 as detailed in the 2017 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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