NS Half-year/Interim Report

# HALF-YEAR REPORT

MOBILITYONE LIMITED

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MobilityOne Limited
29 September 2023

29 September 2023

**MobilityOne Limited**

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

**Unaudited interim results for the six months ended 30 June 2023**

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider, announces its unaudited interim results for the six months ended 30 June 2023.

Highlights:

· Revenue increased by 7.2% to £121.5 million (H1 2022: £113.4 million) due to higher sales for the Group's mobile phone prepaid airtime reload and bill payment business in Malaysia;

· Profit after tax of £5,117 (H1 2022: profit after tax of £0.34 million);

· Cash and cash equivalents (including fixed deposits) at 30 June 2023 of £3.42 million (30 June 2022: £4.72 million);

· The Group is cautious on the outlook for the remainder of 2023, taking into consideration rising interest rates and expenses including, but not limited to, higher administrative expenses, higher infrastructure and marketing costs as well as lower gross profit margins for the Group's products and services; and

· For future growth, the Group will continue to invest and enhance its research and development capabilities as well as form partnerships or to undertake acquisitions in complementary businesses, as applicable.

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**About the Group:**

MobilityOne is one of the leading virtual distributors of mobile prepaid reload and bill payment services in Malaysia. With connections to various service providers across industries such as banking, telecommunications, utilities, government agencies, and transportation, the Group operates through multiple distribution channels including mobile wallets, e-commerce sites, EDC terminals, automated teller machines, kiosks, and internet & mobile banking. Holding licenses in regulated spaces including acquiring, e-money, remittance and lending, the Group offers a range of services to the market, including wallet, internet, and terminal-based payment services, white label e-money, remittance, lending, and custom fintech ecosystems for communities. The Group's flexible, scalable technology platform enables cash, debit card, and credit card transactions from multiple devices while providing robust control and monitoring of product and service distribution.

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

**Chairman's statement**

The Group's revenue increased by 7.2% to £121.5 million (H1 2022: revenue of £113.4 million) in the first six months of 2023 as a result of higher sales from the Group's main products and services in Malaysia, namely the mobile phone prepaid airtime reload and bill payment business through the Group's banking channels (i.e. mobile banking and internet banking), electronic data capture ("**EDC**") terminals and third parties' e-wallet applications. Notwithstanding the higher sales, the Group registered a lower profit after tax of £5,117 in the first six months of 2023 (H1 2022: profit after tax of £0.34 million) mainly due to a reduction in gross profit margin in the period under review to 5.08% (H1 2022: gross profit margin of 5.52%), higher administrative expenses and higher finance costs.

The Group's other businesses such as its international remittance services, EDC terminals sales and services, e-money and lending in Malaysia as well as the e-payment solutions activities in Brunei continued to remain small. The Group did not record any sales in the Philippines in the first six months of 2023.

As at 30 June 2023, the Group had cash and cash equivalents (including fixed deposits) of £3.42 million (30 June 2022: cash and cash equivalents of £4.72 million) while the secured loans and borrowings from financial institutions increased to £4.14 million (30 June 2022: £2.89 million).

**Current trading and outlook**

The Group's business activities are still predominately concentrated in Malaysia. Other than the Group's main business activities of mobile phone prepaid airtime reload and bill payment in Malaysia, the Group's other businesses are expected to remain insignificant in 2023. As reported by the Central Bank of Malaysia in August 2023, the Malaysian economy grew by 2.9% in the second quarter of 2023 weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects.

As part of the Group's business plans for long-term growth, the Group has the following initiatives:

**(1) Proposed disposal of OneShop Retail Sdn Bhd ("1Shop") and proposed joint venture with Super Apps Holdings Sdn Bhd ("Super Apps")**

On 19 October 2022, MobilityOne Sdn Bhd ("**M1 Malaysia**"), the Group's wholly-owned subsidiary in Malaysia, entered into a Share Sale Agreement with Super Apps for the proposed disposal by M1 Malaysia of a 60% shareholding in the Group's wholly-owned non-core subsidiary 1Shop to Super Apps (together the "**Proposed Disposal**"). Concurrently, M1 Malaysia entered into a Joint-Venture cum Shareholders Agreement with Super Apps and 1Shop (together the "**Proposed Joint Venture**"). The Proposed Disposal and Proposed Joint Venture are inter-conditional in order to establish a new joint venture to expand the Group's e-products and services business initially in Malaysia.

The Proposed Disposal is subject to the completion of a merger exercise between Technology & Telecommunication Acquisition Corporation ("**TETE**") and Super Apps (together the "**Merger Exercise**").

Pursuant to the terms of the Proposed Disposal and subject to the completion of the Merger Exercise, the Group is expected to receive cash proceeds of RM40.0 million (c. £7.53 million) and RM20.0 million (c. £3.76 million) within 14 days and 180 days respectively of completion of the Merger Exercise.

A draft proxy statement has been filed by Tete Technologies Inc, a wholly-owned subsidiary of TETE, on 2 August 2023 ("**TETE Proxy Filing**") with the United States Securities and Exchange Commission ("**SEC**"). An extraordinary general meeting will be convened in due course by TETE once the TETE Proxy Filing is in complete form and approved by the SEC. The Company will release further announcements as and when appropriate.

There can be no guarantee that the Proposed Disposal and Proposed Joint Venture can be completed as they are conditional on the completion of the Merger Exercise, which is out of the Group's control. The completion of the Proposed Disposal and Proposed Joint Venture are expected to positively contribute to the future growth of the Group.

**(2) Money transfer business via SWIFT network**

To expand the Group's money transfer business via the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**") network, the Group continues to work with a bank in Malaysia on the integration process due to the migration of messaging standards within the SWIFT network while waiting for the Central Bank of Malaysia's approval, the timings of which continue to remain uncertain. The Company will make the relevant announcement on the arrangement with SWIFT as and when is appropriate.

**(3) UK electronic money institution application**

On 11 May 2023, the Company announced that M1 Tech Limited ("**M1 Tech**"), the Group's wholly-owned subsidiary in the UK, had withdrawn its application to the Financial Conduct Authority (the "**FCA**"), the financial regulatory body in the UK, for authorisation as an electronic money institution to provide e-money services in the UK (the "**FCA Application**"). This follows receipt of further feedback from the FCA requesting further information in relation to certain disclosures relating to M1 Tech's proposed business plan. The Group is reviewing its proposed business plan to expand its business in the UK and its options in relation to submitting a further revised FCA application in due course which addresses the FCA's latest feedback. The Company will release further announcements as and when appropriate.

**(4) New joint venture to explore business opportunities from the Kingdom of Saudi Arabia**

On 26 June 2023, M1 Malaysia entered into a joint venture cum shareholders agreement with Syed Faisal Algadrie Bin Syed Hassan to incorporate Qube Nexus Sdn Bhd, Malaysia to explore any suitable business opportunities from the Kingdom of Saudi Arabia. Any material developments in relation to new business opportunities will be announced in due course.

**(5) Proposed acquisition of Hati International Sdn Bhd ("Hati") via Sincere Acres Sdn Bhd ("Sincere")**

On 29 September 2023, M1 Malaysia entered into a share sale agreement with United Flagship Development Sdn Bhd ("**Vendor**") to acquire a 49% equity interest in Sincere for a total cash consideration of RM30.0 million (c. £5.217 million) to be paid to the Vendor in two tranches (the "**Proposed Acquisition**"). The first tranche, representing RM2.0 million (c. £0.348 million), has been paid to the Vendor using M1 Malaysia's existing cash resources. The second tranche, representing the balance of RM28.0 million (c. £4.869 million) (the "**Second Tranche**"), is required to be paid by M1 Malaysia by 8 March 2024 (the "**Second Tranche Payment Date**"). It is envisaged that the Second Tranche will be paid by the Group using M1 Malaysia's existing cash resources.

While the Second Tranche Payment Date can be extended for up to a further 6 months ("**Extended Second Tranche Payment Date**"), any payment in relation to the Second Tranche made after the Second Tranche Payment Date will be subject to an interest charge of 10% per annum. The balance amount payable for the Second Tranche (including any interest charge if the payment is made after the Second Tranche Payment Date) shall be reduced by RM1.0 million (c. £0.174 million) when the payment is made by the Extended Second Tranche Payment Date.

While the Proposed Acquisition is not subject to any conditions precedent, both parties have agreed to complete the Proposed Acquisition by 4 October 2023.

Sincere is an investment holding company with its sole business activity comprising of owning a 100% equity interest in Hati, an operating company in Malaysia. Hati is a healthcare information systems provider in Malaysia focused on healthcare software development and information technology. Through the use of cloud service platforms and software system solutions, Hati has developed a product suite comprising of hospital information systems, clinical information systems, business intelligence platforms and Internet of Things (IoT)/Artificial Intelligence (AI) enabled platforms.

The Proposed Acquisition will result in a number of synergistic benefits for both the Group and Hati. The Proposed Acquisition is anticipated to enable the Group to vertically integrate its existing electronic payment systems and services with Hati's suite of existing products to support payment methods such as credit cards, debit cards and eWallets via online payments and over the counter payments. In addition, the Proposed Acquisition will result in Hati being able to utilise the Group's infrastructure and engineering know-how to automate electronic billing and invoicing.

Following completion of the Proposed Acquisition, and as part of the Group's long-term growth strategy, the Group intends to develop a payment system that integrates the Group's e-claims and e-payments services with insurance companies thereby resolving cash flow issues typically faced by hospitals and clinics. The Group also intends to explore potential collaborations with the Group's telecommunication partners in order to enable Hati's real-time IoT/AI enabled healthcare devices to operate over 5G cellular networks. The above proposed developments will also contribute to the Group expanding its customers base for its existing electronic payment systems and services.

In addition, the Proposed Acquisition will enable the Group to amongst other benefits, diversify its existing business activities into the growing healthcare information systems industry.

Further details on the Proposed Acquisition can be found in the announcement released by the Group on 29 September 2023.

Notwithstanding that the Malaysia economy is expected to grow in 2023 as well as the demand for the Group's mobile phone prepaid products, the Group is cautious on the outlook for the remainder of 2023, taking into consideration rising interest rates and expenses including, but not limited to, higher administrative expenses, higher infrastructure and marketing costs as well as other related expenses. In addition, in order to maintain or grow the Group's businesses, the Group's gross profit margins for its products and services have been impacted. For future growth, the Group will continue to invest and enhance its research and development as the backbone to support the business and technology advancement as well as to form partnerships or to undertake acquisitions in complementary businesses, as applicable.

Abu Bakar bin Mohd Taib (Chairman)
29 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

| | **Six months Ended 30 June 2023 Unaudited** | **Six months Ended 30 June 2022 Unaudited** | **Financial year Ended 31 Dec 2022 Audited** |
|---|---|---|---|
| **CONTINUING OPERATIONS** | **£** | **£** | **£** |
| Revenue | 121,529,982 | 113,355,113 | 233,761,671 |
| Cost of sales | (115,358,166) | (107,103,390) | (221,010,827) |
| **GROSS PROFIT** | 6,171,816 | 6,251,723 | 12,750,844 |
| Other operating income | 40,165 | 92,839 | 183,426 |
| Administration expenses | (5,914,978) | (5,549,417) | (11,940,311) |
| Other operating expenses | (174,821) | (209,083) | (304,196) |
| Net loss on financial instruments | - | - | (273,642) |
| **OPERATING PROFIT** | 122,182 | 586,062 | 416,121 |
| Finance costs | (116,268) | (63,501) | (137,143) |
| **PROFIT BEFORE TAX** | 5,914 | 522,561 | 278,978 |
| Tax | (797) | (184,356) | (262,350) |
| **PROFIT FROM CONTINUING OPERATIONS** | 5,117 | 338,205 | 16,628 |

Attributable to:

| | | | |
|---|---|---|---|
| Owners of the parent | 1,056 | 338,842 | 23,857 |
| Non-controlling interest | 4,061 | (637) | (7,229) |
| | 5,117 | 338,205 | 16,628 |
| **EARNINGS PER SHARE** | | | |
| Basic earnings per share (pence) | 0.001 | 0.319 | 0.022 |
| Diluted earnings per share (pence) | 0.001 | 0.301 | 0.021 |
| **PROFIT FOR THE PERIOD/YEAR** | 5,117 | 338,205 | 16,628 |
| **OTHER COMPREHENSIVE PROFIT/(LOSS)** | | | |
| Foreign currency translation | (624,236) | 296,985 | 354,322 |
| **TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD/YEAR** | (619,119) | 635,190 | 370,950 |
| Total comprehensive profit/loss attributable to: | | | |
| Owners of the parent | (624,438) | 636,224 | 378,832 |
| Non-controlling interest | 5,319 | (1,034) | (7,882) |
| | (619,119) | 635,190 | 370,950 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| | **At 30 June 2023 Unaudited £** | **At 30 June 2022 Unaudited £** | **At 31 Dec 2022 Audited £** |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 192,622 | 421,863 | 214,180 |
| Property, plant and equipment | 900,093 | 1,180,684 | 1,122,194 |
| Right-of-use assets | 144,414 | 191,759 | 182,935 |
| Development cost | 280,379 | - | - |
| Trade and other receivables | 905,758 | - | 228,050 |
| Other investment | 11,045 | 12,144 | 12,281 |
| | 2,434,311 | 1,806,450 | 1,759,640 |
| **Current assets** | | | |
| Inventories | 2,280,346 | 3,162,123 | 3,189,901 |
| Trade and other receivables | 3,277,551 | 3,015,416 | 2,179,785 |
| Tax recoverable | 254,391 | 169,179 | 183,321 |
| Fixed deposits | 1,604,051 | 1,603,471 | 1,768,584 |
| Cash and cash equivalents | 1,813,504 | 3,114,703 | 3,246,588 |
| | 9,229,843 | 11,064,892 | 10,568,179 |
| **Total Assets** | **11,664,154** | **12,871,342** | **12,327,819** |
| **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 | 422,188 | 990,089 | 1,047,682 |
| Accumulated profit/ (losses) | (92,710) | 221,219 | (93,766) |
| Shareholders' equity | 4,605,371 | 5,487,201 | 5,229,809 |
| Non-controlling interest | (9,792) | (8,263) | (15,111) |
| **Total Equity** | 4,595,579 | 5,478,938 | 5,214,698 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings - secured | 195,166 | 225,171 | 221,697 |

| | | | |
|---|---|---|---|
| Lease liabilities | 15,007 | 74,047 | 98,450 |
| Deferred tax liabilities | 13,926 | 44,782 | 15,484 |
| | 224,099 | 344,000 | 335,631 |
| **Current liabilities** | | | |
| Trade and other payables | 2,775,077 | 4,063.714 | 2,947,056 |
| Amount due to directors | 2,403 | 176,457 | 66,855 |
| Loans and borrowings - secured | 3,943,085 | 2,668,243 | 3,647,482 |
| Lease liabilities | 123,063 | 108,810 | 105,316 |
| Tax payables | 848 | 31,180 | 10,781 |
| | 6,844,476 | 7,048,404 | 6,777,490 |
| **Total Liabilities** | 7,068,575 | 7,392,404 | 7,113,121 |
| **Total Equity and Liabilities** | **11,664,154** | **12,871,342** | **12,327,819** |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

| | Non-Distributable | | | | Distributable | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Share Premium** | **Reverse Acquisition Reserve** | **Foreign Currency Translation Reserve** | **Accumulated Profit/(Losses)** | **Total** | **Non-Controlling Interest** | **Total Equity** |
| | **£** | **£** | **£** | **£** | **£** | **£** | **£** | **£** |
| As at 1 January 2022 | 2,657,470 | 909,472 | 708,951 | 692,707 | (117,623) | 4,850,977 | (7,229) | 4,843,748 |
| Foreign currency translation | - | - | - | 297,382 | - | 297,382 | (397) | 296,985 |
| Profit for the period | - | - | - | - | 338,842 | 338,842 | (637) | 338,205 |
| As at 30 June 2022 | **2,657,470** | **909,472** | **708,951** | **990,089** | **221,219** | **5,487,201** | **(8,263)** | **5,478,938** |
| As at 1 July 2022 | 2,657,470 | 909,472 | 708,951 | 990,089 | 221,219 | 5,487,201 | (8,263) | 5,478,938 |
| Foreign currency translation | - | - | - | 57,593 | - | 57,593 | (256) | 57,337 |
| Profit/(Loss) for the period | - | - | - | - | (314,985) | (314,985) | (6,592) | (321,577) |
| As at 31 Dec 2022 | 2,657,470 | 909,472 | 708,951 | 1,047,682 | (93,766) | 5,229,809 | (15,111) | 5,214,698 |
| As at 1 January 2023 | 2,657,470 | 909,472 | 708,951 | 1,047,682 | (93,766) | 5,229,809 | (15,111) | 5,214,698 |
| Foreign currency translation | - | - | - | (625,494) | - | (625,494) | 1,258 | (624,236) |
| Profit for the period | - | - | - | - | 1,056 | 1,056 | 4,061 | 5,117 |
| As at 30 June 2023 | 2,657,470 | 909,472 | 708,951 | 422,188 | (92,710) | 4,605,371 | (9,792) | 4,595,579 |

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 2023

| | Six months Ended 30 June 2023 Unaudited £ | Six months Ended 30 June 2022 Unaudited £ | Financial year ended 31 Dec 2022 Audited £ |
|---|---|---|---|
| **Cash flows used in operating activities** | | | |
| Cash used in operations | (816,961) | (205,386) | (614,763) |
| Interest paid | (116,414) | (63,501) | (137,143) |
| Interest received | 14,580 | 11,221 | 35,933 |
| Tax paid | (99,165) | (287,340) | (421,991) |
| Tax refund | - | 5,470 | 5,532 |
| Net cash used in operating activities | (1,017,960) | (539,536) | (1,132,432) |
| **Cash flows used in investing activities** | | | |
| Purchase of property, plant and equipment | (9,876) | (306,614) | (390,056) |
| Addition in right-of-use assets | (23,641) | - | - |
| Addition in other investment | - | - | (12,281) |
| Increase in development cost | (280,379) | - | - |
| Proceeds from disposal of property, plant & equipment | 163 | 8,370 | 8,465 |
| Net cash used in investing activities | (313,733) | (298,244) | (393,872) |
| **Cash flows from financing activities** | | | |
| Net change of banker acceptance | 662,713 | 607,556 | 1,562,937 |
| Repayment of lease liabilities | (45,186) | (53,825) | (111,144) |
| Repayment of term loan | (4,218) | (4,038) | (9,615) |
| Net cash from financing activities | 613,309 | 549,693 | 1,442,178 |
| **Decrease in cash and cash equivalents** | **(718,384)** | **(288,087)** | **(84,126)** |
| **Effect of foreign exchange rate changes** | **(879,233)** | **340,737** | **433,774** |
| **Cash and cash equivalents at beginning of period/year** | **5,015,172** | **4,665,524** | **4,665,524** |
| **Cash and cash equivalents at end of period/year** | **3,417,555** | **4,718,174** | **5,015,172** |

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2023 were authorised for issue by the Board of Directors on 29 September 2023.

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 2022 Annual Report, will be included in the audited financial statements for the year ending 31 December 2023.

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 2023.

3. Nature of financial information

The unaudited interim financial information for the six months ended 30 June 2023 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 2022 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 2023 | 5.88 | 5.50 |
| Period ended 30 June 2022 | 5.35 | 5.54 |
| Year ended 31 December 2022 | 5.29 | 5.43 |

5. Segmental analysis

The Group has three operating segments as follows:

(a) Telecommunication services and electronic commerce solutions;

(b) Hardware and services; and

(c) Remittance services and others.

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.

| **Group** | **Telecommunication services and electronic commerce solutions** | **Hardware and services** | **Remittance services and others** | **Elimination** | **Total** |
|---|---|---|---|---|---|
| **6 months ended 30 June 2023** | **£** | **£** | **£** | **£** | **£** |
| Segment revenue: | | | | | |
| Sales to external customers | 121,242,999 | 279,339 | 92,511 | (84,867) | 121,529,982 |
| | 121,242,999 | 279,339 | 92,511 | (84,867) | 121,529,982 |
| Profit before tax | 5,914 | - | - | - | 5,914 |
| Tax | (797) | - | - | - | (797) |
| Profit for the period | 5,117 | - | - | - | 5,117 |
| **Non-cash expenses/(income)*** | | | | | |
| Depreciation of property, plant and equipment | 127,350 | - | - | - | 127,350 |
| Amortisation of intangible assets | - | - | - | - | - |
| Amortisation of right-of-use assets | 47,471 | - | - | - | 47,471 |
| Unrealised loss on forex | 2,707 | - | - | - | 2,707 |
| | 177,528 | - | - | - | 177,528 |

| **Group 6 months ended 30 June 2022** | | | | | |
|---|---|---|---|---|---|
| Segment revenue: | | | | | |
| Sales to external customers | 112,494,543 | 959,051 | 56,692 | (155,173) | 113,355,113 |
| | 112,494,543 | 959,051 | 56,692 | (155,173) | 113,355,113 |
| Profit before tax | 522,561 | - | - | - | 522,561 |
| Tax | (184,356) | - | | - | (184,356) |
| Profit for the period | 338,205 | - | - | - | 338,205 |
| **Non-cash expenses/(income)*** | | | | | |
| Depreciation of property, plant and equipment | 132,115 | - | - | - | 132,115 |
| Amortisation of intangible assets | 33,384 | - | - | - | 33,384 |
| Amortisation of right-of-use assets | 43,584 | - | - | - | 43,584 |
| | 209,083 | - | - | - | 209,083 |

| **Group Financial year ended 31 Dec 2022** | | | | | |
|---|---|---|---|---|---|
| Segment revenue: | | | | | |
| Sales to external customers | 230,754,843 | 3,296,531 | - | (289,703) | 233,761,671 |
| | 230,754,843 | 3,296,531 | - | (289,703) | 233,761,671 |
| Profit before tax | 278,978 | - | - | - | 278,978 |

| | | | | | |
|---|---|---|---|---|---|
| Tax | (262,350) | - | - | - | (262,350) |
| Profit for the period | 16,628 | - | - | - | 16,628 |
| **Non-cash expenses/(income)*** | | | | | |
| Depreciation of property, plant and equipment | 282,260 | - | - | - | 282,260 |
| Amortisation of intangible assets | 68,051 | - | - | - | 68,051 |
| Amortisation of right-of-use assets | 132,580 | - | - | - | 132,580 |
| Bad debt written off | 5,622 | - | - | - | 5,622 |
| | 488,513 | - | - | - | 488,513 |

*The disclosure for non-cash expenses has not been split according to the different segments as the cost to obtain such information is excessive and provides very little by way of information.

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 2023 of £1,056 (30 June 2022: profit of £338,842 and year ended 31 December 2022: profit of £23,857) attributable to owners of the parent by the number of ordinary shares outstanding at 30 June 2023 of 106,298,780 (30 June 2022: 106,298,780 and 31 December 2022: 106,298,780).

The diluted earnings per share for the six month period ended 30 June 2023 is calculated using the number of shares adjusted to assume the exercise of all dilutive potential ordinary shares of 112,623,648- 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. Share options of 2,000,000 shares have lapsed due to resignation of employees and no options have been exercised.

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

| | Six months ended 30 June 2023 Unaudited | Six months Ended 30 June 2022 Unaudited | Financial year ended 31 Dec 2022 Audited |
|---|---|---|---|
| | **£** | **£** | **£** |
| Cash flow from operating activities | | | |

| | | | |
|---|---|---|---|
| Profit before tax | 5,914 | 522,561 | 278,978 |
| Adjustments for: | | | |
| Amortisation of intangible assets | - | 33,384 | 68,051 |
| Amortisation of right-of-use assets | 47,471 | 43,584 | 132,580 |
| Bad debt written off | - | - | 5,622 |
| Depreciation of property, plant and equipment | 127,350 | 132,115 | 282,260 |
| Gain on disposal of property, plant & equipment | (156) | (8,090) | (8,464) |
| Impairment loss on trade receivables | - | - | 282,535 |
| Impairment loss on others receivables | - | - | 3,403 |
| Impairment loss on goodwill | - | - | 177,546 |
| Interest expenses | 116,414 | 63,501 | 137,143 |
| Interest income | (14,580) | (11,221) | (35,933) |
| Reversal on impairment loss on trade receivable | - | - | (5,061) |
| Unrealised loss/(gain) on forex | 2,707 | - | (22,279) |
| Operating profit before working capital changes | 285,120 | 775,834 | 1,296,381 |
| (Increase)/Decrease in inventories | 909,555 | (43,552) | (71,330) |
| (Increase)/Decrease in receivables | (1,775,475) | 150,139 | 474,252 |
| Increase in amount due to Directors & Shareholder | - | - | (121,754) |
| Amount due to/by related company | - | 52,030 | - |
| Decrease in payables | (236,161) | (1,139,837) | (2,192,312) |
| Cash used in operations | (816,961) | (205,386) | (614,763) |

9. Contingent liabilities

In the period under review, corporate guarantees of RM27.0 million (£4.59 million) (H1 2022: RM27.0 million (£5.04 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 2022 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2023. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2023 as detailed in the 2022 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-



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