RNS Half-year/Interim Report

Half-year Report

MOBILITYONE LIMITED

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MobilityOne Limited

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

Unaudited interim results for the six months ended 30 June 2022

MobilityOne (AIM: MBO), the e-commerce infrastructure payment solutions and platform provider, announces its unaudited interim results for the six months ended 30 June 2022.

Highlights:

· Revenue decreased by 13.2% to £113.4 million (H1 2021: £130.7 million) due to lower sales for the Group's mobile phone prepaid airtime reload and bill payment business in Malaysia;

· Profit after tax of £0.34 million (H1 2021: profit after tax of £1.01 million);

· Cash and cash equivalents (including fixed deposits) at 30 June 2022 of £4.72 million (30 June 2021: £4.52 million); and

· The Group is cautious on the outlook for the remainder of 2022, taking into consideration the current business and operational landscape of rising inflation and interest rates as well as higher administrative expenses notwithstanding that the e-payments industry is expected to continue to grow in Malaysia.

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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 decreased by 13.2% to £113.4 million (H1 2021: revenue of £130.7 million) in the first six months of 2022. This was as a result of lower sales from the Group's products and services, namely the mobile phone prepaid airtime reload and bill payment business through the Group's banking channels (i.e. mobile banking and internet banking) with 10 banks and third parties' e-wallet applications. The Malaysian market accounted for almost the Group's entire revenue for the first six months of 2022. As a consequence of the reduction of revenue, coupled with higher administrative expenses, the Group registered a lower profit after tax of £0.34 million in the first six months of 2022 (H1 2021: profit after tax of £1.01 million).

The Group's other businesses (i.e., the international remittance services and e-money in Malaysia and e-payment solutions activities in the Philippines and Brunei) continued to remain small in the first six months of 2022.

As at 30 June 2022, the Group had cash and cash equivalents (including fixed deposits) of £4.72 million (30 June 2021: cash and cash equivalents of £4.52 million) while the secured loans and borrowings from financial institutions increased to £2.89 million (30 June 2021: £2.06 million).

Current trading and outlook

The Group's business activities are predominately concentrated in Malaysia. Other than the Group's core mobile phone prepaid airtime reload and bill payment business, the Group's international remittance and e-money businesses are expected to remain insignificant in 2022. This is also expected to be the case for the e-payment solutions activities in the Philippines and Brunei.

On 1 June 2022 the Company announced that its wholly-owned subsidiary in Malaysia, MobilityOne Sdn Bhd, had received a license from MasterCard Asia/Pacific Pte Ltd ("**MasterCard**") and approval from the Central Bank of Malaysia to issue MasterCard prepaid cards. In line with announced expectations, the Group has commenced the issuance of MasterCard prepaid cards in Malaysia on a small scale to complement the Group's existing e-wallet and is part of the Group's end-to-end payment ecosystem.

However, the Central Bank of Malaysia has not yet given its decision, the timings of which continue to remain uncertain, for the Group to expand its money transfer business via the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**") network. Nevertheless, the Group is currently working closely with a bank in Malaysia on the integration process while waiting for the Central Bank of Malaysia's approval.

On 11 October 2021, the Group entered into a joint venture cum shareholders agreement with One M Tech Pty Ltd to explore e-commerce and e-payment business opportunities in Australia. As there have been no developments or progress made by the joint venture partner, the Group has today given a notice to the joint venture partner to terminate the agreement. While this joint venture cum shareholders agreement was previously envisaged to not contribute any material revenue or earnings to the Group, should a viable new opportunity arise, the Group will reassess exploring potential business expansion in Australia again in the future.

In order for the Group to expand its business in the UK, M-One Tech Limited, the Company's wholly-owned subsidiary in the UK, continues to progress its work in respect of re-submit an 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 (together the "**FCA Application**"). While it was originally the Group's intention to re-submit the FCA Application by September 2022, as most recently announced by the Group on 29 June 2022, the Group now intends to re-submit the revised FCA Application reflecting the FCA's feedback in the fourth quarter of 2022.

Notwithstanding that the e-payments industry is expected to continue to grow in Malaysia in the long-term and that the Group will continue to invest and enhance its research and development as the backbone to support the business expansion and technology advancement, the Group is cautious on the outlook for the remainder of 2022. This cautious view takes into consideration the current business and operational landscape which comprises rising inflation and interest rates as well as higher administrative expenses. Rising administrative expenses include higher staff costs, higher infrastructure and marketing costs as well as other related expenses. As a result, in order to maintain or grow the Group's business, it is the Board's view that the Group's gross profit margin for its products and services are likely to also be impacted. For future growth, the Group will also consider partnerships with parties in complementary businesses to explore new business opportunities.

Abu Bakar bin Mohd Taib (Chairman)
30 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Six months Ended 30 June 2022 Unaudited	Six months Ended 30 June 2021 Unaudited	Financial year Ended 31 Dec 2021 Audited
CONTINUING OPERATIONS	£	£	£
Revenue	113,355,113	130,710,091	255,707,270
Cost of sales	(107,103,390)	(123,637,568)	(242,050,541)
GROSS PROFIT	6,251,723	7,072,523	13,656,729
Other operating income	92,839	91,793	155,832
Administration expenses	(5,549,417)	(5,403,641)	(11,256,000)
Other operating expenses	(209,083)	(314,042)	(411,740)
Net loss on financial instruments	-	-	(13,366)
OPERATING PROFIT	586,062	1,446,633	2,131,455
Finance costs	(63,501)	(58,603)	(115,620)
PROFIT BEFORE TAX	522,561	1,388,030	2,015,835
Tax	(184,356)	(374,862)	(507,582)
PROFIT FROM CONTINUING OPERATIONS	338,205	1,013,168	1,508,253
Attributable to:			
Owners of the parent	338,842	1,013,868	1,524,429
Non-controlling interest	(637)	(700)	(16,176)
	338,205	1,013,168	1,508,253
EARNINGS PER SHARE			
Basic earnings per share (pence)	0.319	0.954	1.434
Diluted earnings per share (pence)	0.301	0.882	1.341
PROFIT FOR THE PERIOD/YEAR	338,205	1,013,168	1,508,253
OTHER COMPREHENSIVE PROFIT/(LOSS)			
Foreign currency translation	296,985	(30,164)	(44,254)
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD/YEAR	635,190	983,004	1,463,999
Total comprehensive profit attributable to:			
Owners of the parent	636,224	962,256	1,458,754
Non-controlling interest	(1,034)	20,748	5,245
	635,190	983,004	1,463,999

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	At	At	At

	30 June 2022	30 June 2021	31 Dec 2021
	Unaudited	Unaudited	Audited
	£	£	£
Assets			
Non-current assets			
Intangible assets	421,863	598,367	433,844
Property, plant and equipment	1,180,684	991,405	950,664
Right-of-use assets	191,759	218,708	155,660
Other investment	12,144	-	-
	1,806,450	1,808,480	1,540,168
Current assets			
Inventories	3,162,123	2,485,534	3,118,571
Trade receivables	2,087,657	1,651,637	2,299,267
Other receivables	927,759	837,538	878,431
Tax recoverable	169,179	-	53,010
Fixed deposits	1,603,471	1,471,568	1,508,388
Cash and cash equivalents	3,114,703	3,050,103	3,157,136
	11,064,892	9,496,380	11,014,803
Total Assets	**12,871,342**	**11,304,860**	**12,554,971**
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	990,089	706,770	692,707
Accumulated profit/ (losses)	221,219	(628,184)	(117,623)
Shareholders' equity	5,487,201	4,354,479	4,850,977
Non-controlling interest	(8,263)	8,274	(7,229)
Total Equity	5,478,938	4,362,753	4,843,748
Liabilities			
Non-current liabilities			
Loans and borrowings - secured	225,171	226,161	217,881
Lease liabilities	74,047	76,386	83,501
Deferred tax liabilities	44,782	55,204	42,570
	344,000	357,751	343,952
Current liabilities			
Trade payables	947,062	1,030,890	1,195,283
Other payables	3,116,652	3,195,262	4,008,268
Amount due to directors	176,457	140,878	124,426
Loans and borrowings - secured	2,668,243	1,830,684	1,958,841
Lease liabilities	108,810	124,358	71,988
Tax payables	31,180	262,284	8,465
	7,048,404	6,584,356	7,367,271
Total Liabilities	7,392,404	6,942,107	7,711,223
Total Equity and Liabilities	**12,871,342**	**11,304,860**	**12,554,971**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

	Non-Distributable				Distributable		
				Foreign			
			Reverse	Currency		Non-	
	Share	Share	Acquisition	Translation	Accumulated	Controlling	Total

	Capital	Premium	Reserve	Reserve	Losses	Total	Interest	Equity
	£	£	£	£	£	£	£	£
As at 1 January 2021	2,657,470	909,472	708,951	758,382	(1,642,052)	3,392,223	(12,474)	3,379,749
Foreign currency translation	-	-	-	(51,612)	-	(51,612)	21,448	(30,164)
Profit for the period	-	-	-	-	1,013,868	1,013,868	(700)	1,013,168
As at 30 June 2021	**2,657,470**	**909,472**	**708,951**	**706,770**	**(628,184)**	**4,354,479**	**8,274**	**4,362,753**
As at 1 July 2021	2,657,470	909,472	708,951	706,770	(628,184)	4,354,479	8,274	4,362,753
Foreign currency translation	-	-	-	(14,063)	-	(14,063)	(27)	(14,090)
Profit/(Loss) for the period	-	-	-	-	510,561	510,561	(15,476)	495,085
As at 31 Dec 2021	**2,657,470**	**909,472**	**708,951**	**692,707**	**(117,623)**	**4,850,977**	**(7,229)**	**4,843,748**
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**

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 2022

	Six months Ended 30 June 2022 Unaudited	Six months Ended 30 June 2021 Unaudited	Financial year ended 31 Dec 2021 Audited
	£	£	£

Cash flows (used in)/from operating activities			
Cash (used in)/generated from operations	(205,386)	2,011,004	2,409,305
Interest paid	(63,501)	(58,630)	(115,620)
Interest received	11,221	12,568	12,867
Tax paid	(287,340)	(242,859)	(723,469)
Tax refund	5,470	-	-
Net cash (used in)/generated from operating activities	(539,536)	1,722,083	1,583,083
Cash flows (used in) investing activities			
Purchase of property, plant and equipment	(306,614)	(1,692)	(34,866)
Addition in right-of-use assets	-	-	(5,690)
Net cash outflow for acquisition of subsidiary company	-	(408,722)	(376,517)
Repayment from associate company	-	-	221,583
Addition in non-controlling interests	-	-	21,310
Proceeds from disposal of property, plant & equipment	8,370	-	-
Net cash (used in) investing activities	(298,244)	(410,414)	(174,180)
Cash flows from/(used in) financing activities			
Net change of banker acceptance	607,556	(1,136,798)	(1,202,597)
Repayment of lease liabilities	(53,825)	(71,214)	(122,576)
Repayment of term loan	(4,038)	(6,685)	(8,734)
Net cash from/(used in) financing activities	549,693	(1,214,697)	(1,333,907)
(Decrease)/Increase in cash and cash equivalents	**(288,087)**	**96,972**	**74,996**
Effect of foreign exchange rate changes	**340,737**	**6,823**	**172,652**
Cash and cash equivalents at beginning of period/year	**4,665,524**	**4,417,876**	**4,417,876**
Cash and cash equivalents at end of period/year	**4,718,174**	**4,521,671**	**4,665,524**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2022 were authorised for issue by the Board of Directors on 30 September 2022.

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 2021 Annual Report, will be included in the audited financial statements for the year ending 31 December 2022.

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 2022.

3. Nature of financial information

The unaudited interim financial information for the six months ended 30 June 2022 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 2021 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 2022	5.35	5.54
Period ended 30 June 2021	5.74	5.69
Year ended 31 December 2021	5.63	5.70

5. Segmental analysis

The Group has three operating segments as follows:

(a) Telecommunication services and electronic commerce solutions;

(b) Hardware; and

(c) Remittance services

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**	**Remittance services**	**Elimination**	**Total**
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-	43,584	-	-	-	43,584

of-use assets					
	209,083	-	-	-	209,083

Group 6 months ended 30 June 2021					
Segment revenue:					
Sales to external customers	129,559,457	1,297,991	-	(147,357)	130,710,091
	129,559,457	1,297,991	-	(147,357)	130,710,091
Profit before tax	1,388,030	-	-	-	1,388,030
Tax	(374,862)	-	-	-	(374,862)
Profit for the period	1,013,168	-	-	-	1,013,168
Non-cash expenses/(income)*					
Depreciation of property, plant and equipment	109,577	-	-	-	109,577
Amortisation of intangible assets	32,488	-	-	-	32,488
Amortisation of right-of-use assets	60,111	-	-	-	60,111
	202,176	-	-	-	202,176

Group Financial year ended 31 Dec 2021					
Segment revenue:					
Sales to external customers	252,841,803	3,248,248	-	(382,781)	255,707,270
	252,841,803	3,248,248	-	(382,781)	255,707,270
Profit before tax	2,015,835	-	-	-	2,015,835
Tax	(507,582)	-	-	-	(507,582)
Profit for the period	1,508,253	-	-	-	1,508,253
Non-cash expenses/(income)*					
Depreciation of property, plant and equipment	243,980	-	-	-	243,980
Amortisation of intangible assets	64,864	-	-	-	64,864
Amortisation of right-of-use assets	104,169	-	-	-	104,169
Bad debt written off	36,339	-	-	-	36,339
Inventories written off	182	-	-	-	182
	449,534	-	-	-	449,534

*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 2022 of £338,842 (30 June 2021: profit of £1,013,868 and year ended 31 December 2021: profit of £1,524,429) attributable to owners of the parent by the number of ordinary shares outstanding at 30 June 2022 of 106,298,780 (30 June 2021: 106,298,780 and 31 December 2021: 106,298,780).

The diluted earnings per share for the six month period ended 30 June 2022 is calculated using the number of shares adjusted to assume the exercise of all dilutive potential ordinary shares of 112,567,904 (ie, 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 had lapsed due to resignation of employees and no option has been exercised).

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

	Six months ended 30 June 2022 Unaudited	Six months Ended 30 June 2021 Unaudited	Financial year ended 31 Dec 2021 Audited
	£	£	£
Cash flow from operating activities			
Profit before tax	522,561	1,388,030	2,015,835
Adjustments for:			
Amortisation of intangible assets	33,384	32,488	64,864
Amortisation of right-of-use assets	43,584	60,111	104,169
Bad debt written off	-	-	36,339
Deposit written off	-	-	8,683
Depreciation of property, plant and equipment	132,115	109,577	243,980
Gain on disposal of property, plant & equipment	(8,090)	-	-
Impairment loss on goodwill	-	-	99,939
Interest expenses	63,501	58,630	115,620
Inventories written off	-	-	182
Interest income	(11,221)	(12,567)	(12,867)
Waiver of debts	-	-	(99,025)
Operating profit before working capital changes	775,834	1,636,269	2,577,719
(Increase)/Decrease in inventories	(43,552)	1,143,696	499,324
(Increase)/Decrease in receivables	150,139	(116,884)	(848,771)
Increase in amount due to Directors & Shareholder	-	-	13,435
Amount due to/by related company	52,030	59,310	-
Increase in payables	(1,139,837)	(711,387)	167,598
Cash generated from operations	(205,386)	2,011,004	2,409,305

9. Contingent liabilities

In the period under review, corporate guarantees of RM27.0 million

(£5.04 million) (H1 2021: RM21.1 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 2021 except for the adoption of new and amended reporting standards, which are effective for periods commencing on or after 1 January 2022. Various amendments to standards and interpretations of standards are effective for periods commencing on or after 1 January 2022 as detailed in the 2021 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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