

RNS Number : 8857Z  
MobilityOne Limited  
30 September 2009

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

Unaudited interim results for the six months ended 30 June 2009

MobilityOne (AIM : MBO), an e-commerce infrastructure payment solutions and platform provider in Malaysia and Indonesia, announces its unaudited interim results for the six months ended 30 June 2009.

Highlights:

- Revenue down 11.4% to £5.40 million (H1 2008: £6.09 million)
- Loss after tax of £420k (H1 2008: profit £16k)
- Expanded the international remittance service in Malaysia through additional outlets and a new agreement signed with M. Lhuillier, a financial services company in the Philippines
- Cost cutting measures implemented
- Focus on developing existing business and introduction of new revenue streams

Commenting on the results, Dato' Hussian A. Rahman, Chief Executive Officer said: "In the first half of 2009, the Group has continued to operate in a challenging business environment which had led to the delay of some of the Group's projects and expansion plans.

Whilst entry into new markets or geographies has not resulted in immediate revenue growth, the Directors believe that it will provide good opportunities for the Group in the long term and the Directors expect to see an increase in revenue contributions from the overseas ventures in Indonesia and Cambodia during 2010.

In the meantime, the Group continues to focus on developing its existing businesses and to introduce new revenue streams for its future growth."

About the Group:

MobilityOne is the holding company of an established group of companies in the business of providing e-commerce infrastructure payment solutions and platforms through their proprietary technology solutions, which are marketed under the brands MoCS and ABO SSE. The Company operates via its subsidiaries MobilityOne Sdn Bhd ("MobilityOne Malaysia"), Netoss Sdn Bhd and PT MobilityOne Indonesia (collectively known as "Group").

The Group has developed an end-to-end e-commerce solution which connects various service providers across several industries such as banking, telecommunication and transportation through multiple distribution devices such as EDC terminals, short messaging services, automated teller machines, and internet banking.

The Group's technology platform is flexible, scalable and has been designed to facilitate cash, debit card and credit card transactions from multiple devices while controlling and monitoring the distribution of different products and services.

For more information, please refer to our website at [www.mobilityone.com.my](http://www.mobilityone.com.my)

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#### Chairman's statement

The Group experienced a slowdown in turnover in the first half of 2009. During this challenging period, the Group took several measures to reduce costs and focused on the reorganisation of its business operations in Malaysia in order to cushion the impact of the slowdown.

For the Group's international remittance services, the Group has added seven outlets to its initial two outlets in Malaysia to allow more Indonesians and Filipinos in Malaysia to send money back to their home countries via the Group's outlets. In addition, the Group has entered into an agreement with M. Lhuillier ([www.mlhuillierinc.com](http://www.mlhuillierinc.com)), a financial services company in the Philippines, to provide money transfer service from the Group's outlets in Malaysia to any of M. Lhuillier's 1,200 branches in the Philippines. This is an addition to the existing agreement signed with G-Xchange, Inc., a wholly-owned subsidiary of Globe Telecom of the Philippines.

Despite a difficult global economic backdrop, the Group continues to develop its banking payment channels for its wide range of electronic based products and services to be made available to the banks' customers through Internet banking, mobile banking and ATMs. To add to its existing partnerships with several established major banks in Malaysia, the Group has recently launched the ATM payment channel with Bank Simpanan Nasional and Internet payment channel with AmBank (M) Berhad, which have about 350 branches and 190 branches respectively in Malaysia.

On 10 September 2009, the Company announced its litigation with GHL Systems Berhad and GHL Transact Sdn Bhd and the Company will make further announcements on the development of the litigation in due course.

#### Financial performance

The performance of the Group in the period has been impacted by the slowdown in the global economy which has resulted in delays in projects. The Group recorded revenues of £5.40 million in the first six months ended 30 June 2009, a decrease of 11.4% compared to £6.09 million in the corresponding period in 2008, and a loss after tax of £420k (H1 2008: profit £16k). The loss in the period was primarily due to the lower revenue registered and increased expenditure incurred by the Group in the period to explore new business opportunities.

#### Current trading and outlook

In view of the prevailing market conditions, the Directors expect the Group will continue to face a challenging business environment for the rest of this year. Nevertheless, the Group remains committed to developing innovative solutions through Research & Development and to growing and diversifying its range of services, to ensure its competitiveness and future growth in the industry

Whilst entry into new markets or geographies has not resulted in immediate revenue growth, the Directors believe that it will provide good opportunities for the Group in the long term and the Directors expect to see an increase in revenue contributions from the overseas ventures in Indonesia and Cambodia during 2010.

Dato' Dr. Wan Azmi bin Ariffin  
Chairman

29 September 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2009

	Six months ended 30 June 2009 Unaudited £	Six months ended 30 June 2008 Unaudited £	Financial year ended 31 Dec 2008 Audited £
Revenue	5,396,247	6,085,195	12,460,925
Cost of sales	(5,018,510)	(5,523,711)	(11,608,785)
GROSS PROFIT	377,737	561,484	852,140
Other operating income	57,578	123,435	136,014
Administration expenses	(728,109)	(427,241)	(1,343,110)
Other operating expenses	(96,575)	(221,810)	(512,744)
OPERATING (LOSS)/PROFIT	(389,369)	35,868	(867,700)
Finance costs	(30,537)	(20,263)	(48,347)
(LOSS)/PROFIT BEFORE TAX	(419,906)	15,605	(916,047)
Tax	-	-	36,895
(LOSS)/PROFIT FOR THE PERIOD	(419,906)	15,605	(879,152)
Other comprehensive income			
Exchange difference on translating foreign operations	(457,061)	(74,274)	977,790
Total comprehensive income for the period	(876,967)	(58,669)	98,638
Profit attributable to:			
Equity holders of the Company	(417,192)	15,605	(876,818)
Minority interest	(2,714)	-	(2,334)
	(419,906)	15,605	(879,152)
Total comprehensive income attributable to:			
Equity holders of the Company	(878,831)	(58,669)	977,790
Minority interest	2,714	-	-
	876,117	(58,669)	98,638
EARNINGS PER SHARE			
Basic earnings per share (pence)	(0.53)	0.02	(1.10)
Diluted earnings per share (pence)	(0.53)	0.02	(1.10)

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2009

	At 30 June 2009 Unaudited £	At 30 June 2008 Unaudited £	At 31 Dec 2008 Audited £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,938,030	1,732,886	2,272,547
Property, plant and equipment	898,338	1,118,684	1,105,264

Prepaid lease payments	-	169,113	-
	<u>2,836,368</u>	<u>3,020,683</u>	<u>3,377,811</u>
<b>Current assets</b>			
Inventories	439,130	726,493	878,777
Trade receivables	397,148	280,638	415,289
Other receivables	90,910	213,485	48,233
Tax recoverable	-	6,873	8,179
Available for sale financial assets	-	46,431	-
Cash and cash equivalents	438,649	278,903	410,085
	<u>1,365,837</u>	<u>1,552,823</u>	<u>1,760,563</u>
Non-current assets held for sale	352,431	-	413,084
	<u>1,718,268</u>	<u>1,552,823</u>	<u>2,173,647</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	296,308	3,276	325,394
Other payables	200,460	62,443	222,259
Amount due to Directors	-	-	106,129
Borrowings – secured	699,413	490,500	688,273
	<u>1,196,181</u>	<u>556,219</u>	<u>1,342,055</u>
Liability relating to non-current assets held for sale	31,404	-	36,808
	<u>1,227,585</u>	<u>556,219</u>	<u>1,378,863</u>
<b>Net current assets</b>	<u>490,683</u>	<u>996,604</u>	<u>794,784</u>
Total assets less current liabilities	<u>3,327,051</u>	<u>4,017,287</u>	<u>4,172,595</u>
<b>Non-current liabilities</b>			
Borrowings – secured	211,468	151,794	180,045
Deferred tax liabilities	-	35,195	-
	<u>211,468</u>	<u>186,989</u>	<u>180,045</u>
<b>Net assets</b>	<u>3,115,583</u>	<u>3,830,298</u>	<u>3,992,550</u>
<b>Shareholders' equity</b>			
<b>Equity attributable to equity holders of the Company</b>			
Called up share capital	1,974,374	1,974,374	1,974,374
Share premium	782,234	782,234	782,234
Reverse acquisition reserve	708,951	708,951	708,951
Foreign currency translation reserve	587,718	(2,707)	1,049,357
Retained earnings	(940,408)	369,207	(523,216)
Shareholders' equity	<u>3,112,869</u>	<u>3,832,059</u>	<u>3,991,700</u>
<b>Minority interest</b>	2,714	(1,761)	850
<b>Total Equity</b>	<u>3,115,583</u>	<u>3,830,298</u>	<u>3,992,550</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2009

	Non-Distributable			Distributable				Total	Minority interest	Total
	Share capital	Share premium	Reverse acquisition reserve	Foreign currency translation reserve	Retained earnings					
	£	£	£	£	£	£	£	£	£	
As at 1 January 2009	1,974,374	782,234	708,951	1,049,357	(523,216)	3,991,700	850	3,992,550		
Foreign currency translation Loss for the period	-	-	-	(461,639)	-	(461,639)	4,578	(457,061)		
As at 30 June 2009	<b>1,974,374</b>	<b>782,234</b>	<b>708,951</b>	<b>587,718</b>	<b>(940,408)</b>	<b>3,112,869</b>	<b>2,714</b>	<b>3,115,583</b>		
As at 1 January 2008	2,348,430	782,234	708,951	71,567	1,372,532	5,283,714	-	5,283,714		
Share buyback in MobilityOne Limited	(374,056)	-	-	-	(1,018,930)	(1,392,986)	-	(1,392,986)		
Foreign currency translation Profit for the period	-	-	-	(80,488)	-	(80,488)	-	(80,488)		
As at 30 June 2008	<b>1,974,374</b>	<b>782,234</b>	<b>708,951</b>	<b>(2,707)</b>	<b>369,207</b>	<b>3,832,059</b>	<b>(1,761)</b>	<b>3,830,298</b>		

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 balance sheet were translated into Pound Sterling (£) using the closing rate as at the balance sheet date and the income statements

were translated into £ using the average rate for that period. All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Retained earnings represent the cumulative earnings of the Group attributable to equity shareholders.

#### CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

	Six months ended 30 June 2009 Unaudited £	Six months ended 30 June 2008 Unaudited £	Financial year ended 31 Dec 2008 Audited £
Cash flows from operating activities			
Cash generated from operations	1,030,010	1,426,101	2,060,020
Interest paid	(30,537)	(18,906)	(48,347)
Interest received	190	525	14,963
Net cash generated from operating activities	999,663	1,407,720	2,026,636
Cash flows from investing activities			
Purchase of property, plant and equipment	-	(51,850)	(152,253)
Proceeds from disposal of property, plant and equipment	-	-	9,053
Proceeds from disposal of available for sale financial asset	-	-	60,252
Addition to development costs	-	-	(178,289)
Net cash used in investing activities	-	(51,850)	(261,237)
Cash flows from financing activities			
Drawdown of short term borrowings	63,014	-	126,028
Drawdown of term loan	-	104,558	136,030
Repayment of term loan	(34,325)	(22,049)	(68,649)
Share buyback	-	(1,392,986)	(1,392,986)
Net cash generated /(used) from financing activities	28,689	(1,310,477)	(1,199,577)
Increase in cash and cash equivalents	1,028,532	45,393	565,822
Effect of foreign exchange rate changes	(999,968)	(114,966)	(504,213)
Cash and cash equivalents at beginning of period/year	410,085	348,476	348,476
Cash and cash equivalents at end of period/year	438,649	278,903	410,085

#### NOTES TO THE INTERIM FINANCIAL STATEMENTS

##### 1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2009 were authorised for issue by the Board of Directors on 29 September 2009.

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. The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and do not include all of the information required for full annual financial statements. The interim 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 Annual Report 2008 will be included in the audited financial statements for the year ending 31 December 2009.

## 2. Basis of consolidation

The consolidated income statement and balance sheet include financial statements of the Company and its subsidiaries made up to 30 June 2009.

## 3. Nature of financial information

The financial information contained in this interim financial statements for the six months ended 30 June 2009 and 30 June 2008 are unaudited. The comparative figures for the year ended 31 December 2008 do not constitute statutory financial statements of the Group. Full audited accounts of the Group in respect of that financial period 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 balance sheet 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 income statement.

The financial information set out below has been translated at the following rates:

	Exchange rate (RM: £)	
	At balance sheet date	Average for year/period
Period ended 30 June 2009	5.86	5.39
Period ended 30 June 2008	6.50	6.41
Year ended 31 December 2008	5.00	6.16

## 5. Segmental reporting

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

## 6. Taxation

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

## 7. Earnings per share

The basic earnings per share is calculated by dividing the loss in the six month period ended 30 June 2009 of £417,192 (30 June 2008: profit of £15,605 and year ended 31 December 2008: loss of £876,818) attributable to ordinary shareholders by the number of ordinary shares outstanding at 30 June 2009 of 78,974,951 (the number of ordinary shares outstanding at 30 June 2008 and 31 December 2008 was also 78,974,951).

The diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. For the period/year ended 30 June 2009, 30 June 2008 and 31 December 2008, the diluted earnings per share is equivalent to the basic earnings per share as the exercise price of the share options is above the current market price.

## 8. Contingent liabilities

(i) Corporate guarantees amounting to RM6,100,000 (£1,100,804.80\*) given to a licensed bank for credit facilities granted to a subsidiary company, MobilityOne Malaysia.

(ii) MobilityOne Malaysia received Writ of Summons and Statement of Claim from

the solicitors of GHL Systems Berhad ("GHLS") and its subsidiary, GHL Transact Sdn Bhd ("GHLT"), for the following:

(a) GHLS is claiming for RM363,868.13 (equivalent to £65,663.57\*) together with interest at the rate of between 1% to 2% per month and cost for outstanding rental of EDC terminals, service charges for hosting facilities, and supporting services in respect of 'Mr Kiosk' software; and

(b) GHLT is claiming for RM1,209,349.50 (equivalent to £218,238.98\*) together with interest at the rate of 2% per month and cost for outstanding rental and maintenance of EDC and supply of thermal paper.

MobilityOne Malaysia has referred the matter to its solicitors and based upon the evidence gathered and preliminary advice from its solicitors, the Directors of MobilityOne Malaysia believe they have sufficient grounds to defend the claims and MobilityOne Malaysia will vigorously defend the matter.

As stated in the Company's Annual Report 2008, MobilityOne Malaysia issued a notice of claim against GHLS in respect of outstanding payment due to MobilityOne Malaysia for inventories, charges in respect of services not rendered, interest and other miscellaneous matters totalling RM2,964,941 (equivalent to £535,052.69\*). MobilityOne Malaysia, via its solicitors, will serve Writ of Summons and Statement of Claims against GHLS in respect of the above soon.

\* Based on the exchange rate of 1 GBP = RM5.5414 as at 29 September 2009.

#### 9. Significant accounting policies

The interim condensed consolidated financial statements have been prepared applying the same accounting policies that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2008 except for the adoption of the following new and amended reporting standards, which are effective for periods commencing on or after 1 January 2009:

- IAS1 (revised) - "Presentation of Financial Statements"

A new primary statement, "Consolidated Statement of Changes in Equity" is required containing information previously disclosed in the notes to the accounts. In addition, the Consolidated Statement of Recognised Income and Expense is replaced with the Consolidated Statement of Comprehensive Income, which may be shown separately or combined with the Income Statement.

- IFRS8 - "Operating Segments"

This standard replaces IAS14 - "Segment Reporting" which required operating segments to be analysed into Primary (business) and Secondary (geographical) segments. IFRS8 requires that operating segments should be aligned with those reviewed by the "Chief Operating Decision Maker" which is considered to be the Board of Directors.

Various other amendments to standards and interpretations of standards are effective for

periods commencing on or after 1 January 2009 as detailed in the 2008 Annual Report, none of which have any impact on reported results.

#### Amortisation of intangible assets

Software is amortised over its estimated useful life. Management estimated the useful life of this asset to be within 5 years. Changes in the expected level of usage and technological development could impact the economic useful life therefore future amortisation could be revised.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The research and development costs are amortised on a straight-line basis over the life span of the developed assets. Management estimated the useful life of these assets to be within 5 years. Changes in the technological developments could impact the economic useful life and the residual values of these assets, therefore future amortisation charges could be revised.

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

#### Impairment of goodwill on consolidation

The Group's cash flow projections include estimates of sales. However, if the projected sales do not materialise there is a risk that the value of goodwill would be impaired.

The Directors have carried out a detailed impairment review in respect of goodwill. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flows forecasts which have been discounted at 8.5%. The cash flow projections are based on the assumption that the Group can realise projected sales together. A prudent approach has been applied with no residual value being factored. At the period end, based on these assumptions there was no indication of impairment of the value of goodwill or of development costs.

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

#### Development costs

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

#### Revenue recognition

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

##### (i) Revenue from trading activities

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

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

##### (ii) Interest income

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

#### Inventories

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

#### 10. Material events subsequent to the period end

There are no material events subsequent to the period end.

#### 11. Dividends

The Company has not proposed or declared an interim dividend.

## 12. Restatement of comparatives

During the financial year ended 31 December 2008, certain software which previously classified as property, plant and equipment was transferred to intangible asset in compliance with *IAS 38, Intangible Assets*. *The reclassification of software as intangible asset has been accounted for retrospectively*. Accordingly, comparative figures for six months to 30 June 2008 have been reclassified.

## 13. Interim report

This interim financial statements will be, in accordance with Rule 26 of the AIM Rules for Companies, available on the Company's website at [www.mobilityone.com.my](http://www.mobilityone.com.my).

This information is provided by RNS  
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