Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 3 October 2017 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 3 October 2017. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants C, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants C or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 23 January 2017. Approval has been obtained from Bursa Securities via its letter dated 28 December 2016 for the admission of the Warrants C to the Official List and the listing and quotation of the new securities arising from the Rights Issue with Warrants and the new Shares to be issued upon exercise of the Warrants C on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are in no way reflective of the merits of the Rights Issue with Warrants.

The Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

mTouche®

MTOUCHE TECHNOLOGY BERHAD
(Company No. 656395-X)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 557,500,566 NEW ORDINARY SHARES IN MTOUCHE ("MTOUCHE SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE TOGETHER WITH UP TO 278,750,283 FREE DETACHABLE WARRANTS IN MTOUCHE ("WARRANTS C") ON THE BASIS OF SIX (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANTS C FOR EVERY TWO (2) EXISTING MTOUCHE SHARES HELD BY THE ENTITLED SHAREHOLDERS OF MTOUCHE AT 5.00 P.M. ON 3 OCTOBER 2017

Principal Adviser

MERCURY SECURITIES SDN BHD
(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Tuesday, 3 October 2017 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Tuesday, 17 October 2017 at 5.00 p.m.
Transfer of Provisional Allotments	: Monday, 23 October 2017 at 4.00 p.m.
Acceptance and payment	: Thursday, 26 October 2017 at 5.00 p.m.
Excess Rights Shares with Warrants C Application and payment	: Thursday, 26 October 2017 at 5.00 p.m.

This Abridged Prospectus is dated 3 October 2017

ALL TERMS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

SHAREHOLDERS / INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	-	This abridged prospectus in relation to the Rights Issue with Warrants
Act	-	Companies Act, 2016, as amended from time to time and any re-enactment thereof
Adjustment Warrants	-	Additional Warrants A and Warrants B arising from the adjustments to the number and exercise price of the outstanding Warrants A and/or Warrants B, as the case may be, as a result of the Rights Issue with Warrants in accordance with provisions of Deed Poll A and Deed Poll B
Amendment	-	Amendment to the Memorandum of Association of mTouche to facilitate the implementation of the Increase in Authorised Share Capital, which was completed following the approval of the Shareholders on 23 January 2017
Base Case Scenario	-	Assuming that none of the existing Warrants A and Warrants B are exercised into mTouche Shares and all Entitled Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants C
Bloomberg	-	Bloomberg Finance L.P. and its affiliates
BNM	-	Bank Negara Malaysia
Board	-	Board of Directors of mTouche
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	-	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	-	The by-laws governing the ESOS as may be amended, varied or supplemented from time to time
CAGR	-	Compound annual growth rate
CCTV	-	Closed-circuit television
CDS	-	Central Depository System
CDS Accounts	-	Accounts established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	-	26 October 2017 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants C or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	-	Capital Markets and Services Act, 2007, of Malaysia as may be amended from time to time and any re-enactment thereof
Code	-	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time

DEFINITIONS (CONT'D)

Corporate Exercises	-	Collectively, the Par Value Reduction, Share Consolidation, Rights Issue with Warrants, ESOS, Increase in Authorised Share Capital and Amendment
Deed Poll A	-	The deed poll constituting the Warrants A dated 21 November 2007
Deed Poll B	-	The deed poll constituting the Warrants B dated 25 January 2010
Deed Poll C	-	The deed poll constituting the Warrants C executed by mTouche on 28 August 2017
EBITDA	-	Earnings before interest, taxation, depreciation and amortisation
EGM	-	Extraordinary general meeting
Eligible Person(s)	-	Director(s) or employee(s) of the mTouche Group who meets the criteria of eligibility for participation in the ESOS as stipulated in the By-Laws
Entitled Shareholder(s)	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	-	3 October 2017, at 5.00 p.m., being the date on which shareholders' names must be registered in mTouche's Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	-	Earnings per Share
ESOS	-	Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new mTouche Shares upon the terms as set out in the By-Laws, such scheme to be known as the "mTouche Employees' Share Option Scheme", which will be implemented after completion of the Rights Issue with Warrants
Excess Rights Shares with Warrants C	-	Rights Shares with Warrants C which are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants C Application(s)	-	Application(s) for additional Rights Shares with Warrants C in excess of the Provisional Allotments
Exercise Period	-	Any time within a period of three (3) years commencing from and including the date of issue of the Warrants C to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	-	RM0.20, being the price at which one (1) Warrant C is exercisable into one (1) mTouche Share, subject to adjustments in accordance with the provisions of the Deed Poll C
Foreign-Addressed Shareholder(s)	-	Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date

FPE	-	Financial period ended
FYE	-	Financial year(s) ended / ending
GP	-	Gross profit
GPS	-	Global positioning system
HKD	-	Hong Kong Dollar, the lawful currency of Hong Kong
ICT	-	Information and communications technology
IMR Report	-	Independent market research report dated 18 September 2017 prepared by Protégé Associates
Increase in Authorised Share Capital	-	Increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 Shares to RM300,000,000 comprising 3,000,000,000 Shares, which was completed following the approval of the Shareholders on 23 January 2017
LAT	-	Loss after taxation
LBT	-	Loss before taxation
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	-	7 September 2017, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	-	25 August 2017, being the last trading day prior to the date of the fixing of the issue price of the Rights Shares
LPS	-	Loss per Share
Market Day	-	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that all outstanding Warrants A and Warrants B are exercised into new mTouche Shares prior to the Entitlement Date and all Entitled Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants C
MDEP	-	Mobile digital ecosystem platform, further details of which are set out in Section 5 of this Abridged Prospectus
Mercury Securities or the Principal Adviser	-	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	-	Assuming that none of the outstanding Warrants A and Warrants B are exercised into new Shares prior to Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 30,000,000 Rights Shares together with 15,000,000 Warrants C based on the issue price of RM0.20 per Rights Share to arrive at RM6.0 million

DEFINITIONS (CONT'D)

MMS	-	Multimedia messaging service
MSC	-	Multimedia Super Corridor
mTouche or the Company	-	mTouche Technology Berhad (656395-X)
mTouche Group or the Group	-	Collectively, mTouche and its subsidiaries
mTouche Share(s) or Share(s)	-	Ordinary share(s) in the Company
MVASP	-	Mobile value added service platform, further details of which are set out in Section 5 of this Abridged Prospectus
NA	-	Net assets
NPA	-	Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	-	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
Options	-	Options which may be granted under the ESOS pursuant to the By-Laws, where each holder of the Options can subscribe for new Shares pursuant to the exercise of Options held
Par Value Reduction	-	Reduction of the issued share capital of the Company via cancellation of RM0.05 of the par value of the then existing ordinary share of RM0.10 each in the Company pursuant to Section 64 of the Companies Act 1965, which was completed on 9 March 2017
PAT	-	Profit after taxation
PBT	-	Profit before taxation
PHP	-	Philippine Peso, the lawful currency of the Philippines
Protégé Associates or the Independent Market Researcher	-	Protégé Associates Sdn Bhd (675767-H)
Provisional Allotments	-	The Rights Shares with Warrants C provisionally allotted to Entitled Shareholders
R&D	-	Research and development
Record of Depositors	-	A record of security holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	-	Renounceable rights issue of up to 557,500,566 Rights Shares together with up to 278,750,283 free Warrants C on the basis of six (6) Rights Shares together with three (3) free detachable Warrants C for every two (2) existing mTouche Shares held by the Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 557,500,566 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

RM and sen	-	Ringgit Malaysia and sen, respectively
RP	-	Indonesian rupiah, the lawful currency of Indonesia
RSF	-	Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	-	The rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	-	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the Capital Market and Services Act 2007 and as amended from time to time
SC	-	Securities Commission Malaysia
SGD	-	Singapore Dollar, the lawful currency of the Republic of Singapore
Share Consolidation	-	Consolidation of every two (2) mTouche Shares into one (1) mTouche Share, which was completed on 27 March 2017
Share Registrar	-	ShareWorks Sdn Bhd (229948-U)
Shareholders	-	Registered holders of mTouche Shares
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia as may be amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
SMS	-	Short messaging service
TEAP	-	Theoretical ex-all price
THB	-	Thai Baht, the lawful currency of Thailand
Undertakings	-	The written undertakings from the Undertaking Shareholders dated 15 August 2017 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their respective entitlements under the Rights Issue with Warrants and to apply for any Rights Shares not taken up by way of excess shares applications to the extent such that the aggregate subscription of Rights Shares under the Rights Issue with Warrants received by the Company amounts to not less than RM6.0 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholders	-	Collectively, Mr Tang Boon Koon and Mr Chen Huei Ping, the Executive Directors of mTouche
USD	-	United States Dollar, the lawful currency of the United States of America
Vertical II Property	-	New office premises identified by the Company comprising half a floor of office suites located at The Vertical II Office Suites, 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur, details of which are further set out in Section 5(iv) of this Abridged Prospectus
VND	-	Vietnamese Dong, the lawful currency of Vietnam

DEFINITIONS (CONT'D)

VWAP	-	Volume weighted average market price
Warrants A	-	Outstanding warrants 2008/2018 as constituted by Deed Poll A and where the context requires
Warrants B	-	Outstanding warrants 2010/2020 as constituted by Deed Poll B and where the context requires
Warrants C	-	Up to 278,750,283 free detachable warrants in mTouche to be allotted and issued pursuant to the Rights Issue with Warrants
Warrant C Holder(s)	-	The holder(s) of the Warrant(s) C pursuant to the Deed Poll C

In this Abridged Prospectus, all references to "our Company" are to mTouche and references to "we", "us", "our" and "ourselves" are to our Company and, where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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CORPORATE DIRECTORY

mTouche®

MTOUCHE TECHNOLOGY BERHAD
(Company No. 656395-X)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Y.M. Raja Hizad Bin Raja Kamarulzaman *(Chairman / Non-Independent Non-Executive Director)*	No. 2, Jalan Kekwa 2 Seksyen BB2 Bandar Bukit Beruntung 48300 Rawang Selangor	Malaysian	Company Director
Tang Boon Koon *(Executive Director)*	No. 2A, Jalan Bendahara 4/7 Seksyen 7, Bandar Mahkota Cheras 43200 Kajang Selangor	Malaysian	Company Director
Chen Huei Ping *(Executive Director)*	No 6, Jalan Jingga 4 Taman Pelangi 80400 Johor Bahru Johor	Malaysian	Company Director
Kunamony A/P S.Kandiah *(Independent Non-Executive Director)*	No. 30, Jalan 14/48 46100 Petaling Jaya Selangor	Malaysian	Lawyer
Yong Ket Inn *(Independent Non-Executive Director)*	No. 7, Taman Rafflesia Jalan Bundusan 88300 Kota Kinabalu Sabah	Malaysian	Chartered Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Yong Ket Inn	Chairman	Independent Non-Executive Director
Y.M. Raja Hizad Bin Raja Kamarulzaman	Member	Non-Independent Non-Executive Director
Kunamony A/P S.Kandiah	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	:	Ng Sally (MAICSA 7060343) Lim Lee Kuan (MAICSA 7017753) 10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel : +603 - 2382 4288 Fax : +603 - 2382 4170
REGISTERED OFFICE	:	10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel : +603 - 2382 4288 Fax : +603 - 2382 4170
HEAD OFFICE	:	mTouche Technology Berhad Suite 39-06, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel : +603 – 2166 0018 Fax : +603 – 2166 1028 Website: www.mtouche.com
AUDITORS AND REPORTING ACCOUNTANTS	:	SJ Grant Thornton (AF 0737) (Member of Grant Thornton International Ltd.) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel : +603 - 2692 4022 Fax : +603 - 2732 5119
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Mah-Kamariyah & Philip Koh 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Tel : +603 - 7956 8686 Fax : +603 - 7956 2208
INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd Suite C-06-06 Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel : +603 – 6201 9301 Fax : +603 – 6201 7302
PRINCIPAL BANKER	:	Malayan Banking Berhad No. 21, 23, 25, 27, Jalan 2/32 Off 6 1/2 Mile, Jalan Kepong, 52000 Kuala Lumpur Tel : +603 - 6257 1188 / 8811 / 2811 Fax : +603 – 6251 1089
SHARE REGISTRAR	:	ShareWorks Sdn Bhd No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel : +603 - 6201 1120 Fax : +603 - 6201 3121

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 6203 7227 Fax : +603 - 6203 7117
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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mTouche®

MTOUCHE TECHNOLOGY BERHAD
(Company No. 656395-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

3 October 2017

Board of Directors:

Y.M. Raja Hizad Bin Raja Kamarulzaman	Chairman / Non-Independent Non-Executive Director
Tang Boon Koon	Executive Director
Chen Huei Ping	Executive Director
Kunamony A/P S.Kandiah	Independent Non-Executive Director
Yong Ket Inn	Independent Non-Executive Director

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 557,500,566 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE TOGETHER WITH UP TO 278,750,283 FREE WARRANTS C ON THE BASIS OF SIX (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANTS C FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 28 December 2016, Mercury Securities on behalf of the Board, announced that Bursa Securities had, vide its letter dated 28 December 2016, granted its approval for, amongst others, the following:-

(i) admission of the Warrants C to the Official List;

(ii) listing and quotation of the Rights Shares and Warrants C;

(iii) listing and quotation of the Adjustment Warrants; and

(iv) listing and quotation of new Shares to be issued upon the exercise of the Warrants C and Adjustment Warrants.

The approval of Bursa Securities is subject to, amongst others, the following conditions:-

Condition		Status of compliance
(i)	mTouche and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be met
(ii)	mTouche and Mercury Securities are to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be met
(iii)	mTouche and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be met
(iv)	mTouche is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed (pursuant to the exercise of the Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 23 January 2017, approved, amongst others, the Rights Issue with Warrants. A certified true extract of the resolutions approving, amongst others, the Rights Issue with Warrants at the said EGM is attached in Appendix II of this Abridged Prospectus.

On 9 March 2017, Mercury Securities had, on behalf of the Board, announced that the Par Value Reduction has become effective. Further, on 27 March 2017, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

On 28 August 2017, Mercury Securities had, on behalf of the Board, announced that the Board resolved to fix the issue price of the Rights Shares at RM0.20 per Rights Share as well as the Exercise Price at RM0.20 per Warrant C.

On 29 August 2017, Mercury Securities had, on behalf of the Board, announced that the entitlement date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 14 September 2017.

On 8 September 2017, Mercury Securities had, on behalf of the Board, announced that the Company has decided to extend amongst others, the entitlement date for the Rights Issue with Warrants from 5.00 p.m. on 14 September 2017 to 5.00 p.m. on 3 October 2017.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by Mercury Securities or us in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities as well as the Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, the Rights Issue with Warrants entails a provisional allotment of up to 557,500,566 Rights Shares together with up to 278,750,283 free Warrants C on a renounceable basis of six (6) Rights Shares together with three (3) free Warrants C for every two (2) existing Shares held by Entitled Shareholders on the Entitlement Date, at an issue price of RM0.20 per Rights Share.

As the Rights Shares and Warrants C are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants C if Entitled Shareholders so choose to do so. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants C are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who subscribed for and allotted with the Rights Shares. The Warrants C are exercisable into new mTouche Shares and each Warrant C will entitle the Warrant C Holder to subscribe for one (1) new mTouche Share at the Exercise Price. The Warrants C will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants C are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants C and the new Shares to be issued and allotted upon the exercise of the Warrants C will be credited directly into the respective CDS Accounts of successful applicants and Warrant C Holders who exercise their Warrants C (as the case may be). No physical certificates will be issued to the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants C.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants C cannot be renounced separately, and only Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants C. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements will not be entitled to the Warrants C. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants C in proportion to their acceptance of the Rights Share entitlements.

Any Rights Shares with Warrants C which are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares with Warrants C Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board at its absolute discretion deems fit or expedient and in the best interests of the Company.

Notice of allotment will be despatched to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares with Warrants C or such other period as may be prescribed by Bursa Securities.

The Rights Shares and Warrants C will be admitted to the Official List and the listing and quotation of these securities will commence two (2) Market Days upon the receipt of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

<u>**Issue price of the Rights Shares**</u>

The Board had fixed the issue price of the Rights Shares at RM0.20 per Rights Share, after taking into consideration the following:-

(i) the TEAP of RM0.2064 per mTouche Share, calculated based on the five (5)-day VWAP of mTouche Shares up to and including the LTD of RM0.2350; and

(ii) the historical share price and volatility of mTouche Shares.

The issue price of the Rights Shares represents a discount of approximately 3.1% to the aforementioned TEAP.

<u>Note:-</u>

(1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

A = Number of Rights Shares

B = Number of Warrants C

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = 5-day VWAP of mTouche Shares up to and including the LTD

and the ratio of A:B:C is 6:3:2, in accordance with the entitlement basis of six (6) Rights Shares together with three (3) free Warrants B for every two (2) existing Shares held.

Exercise Price

The Board had fixed the Exercise Price at RM0.20 per Warrant C, after taking into consideration, amongst others, the TEAP of mTouche Shares.

The Exercise Price represents a discount of approximately 3.1% to the aforementioned TEAP.

2.3 Ranking of Rights Shares and new mTouche Shares arising from the exercise of the Warrants C and Adjustment Warrants

Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued mTouche Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

New mTouche Shares arising from the exercise of Warrants C

The new mTouche Shares to be issued pursuant to the exercise of the Warrants C shall, upon allotment, issuance and full payment of the exercise price of the Warrants C, rank equally in all respects with the then existing issued mTouche Shares, save and except that the holders of such new mTouche Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new mTouche Shares.

New mTouche Shares arising from the exercise of Warrants A

The new mTouche Shares to be issued pursuant to the exercise of the Warrants A shall, upon allotment, issuance and full payment of the exercise price of the Warrants A, rank equally in all respects with the then existing issued mTouche Shares, save and except that the holders of such new mTouche Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new mTouche Shares.

As at the LPD, there are 33,979,972 outstanding Warrants A in the Company. The maturity date of Warrants A is on 17 January 2018.

New mTouche Shares arising from the exercise of Warrants B

The new mTouche Shares to be issued pursuant to the exercise of the Warrants B shall, upon allotment, issuance and full payment of the exercise price of the Warrants B, rank equally in all respects with the then existing issued mTouche Shares, save and except that the holders of such new mTouche Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new mTouche Shares.

As at the LPD, there are 24,506,000 outstanding Warrants B in the Company. The maturity date of Warrants B is on 16 March 2020.

2.4 Last date and time for acceptance and payment

The Closing Date is at 5.00 p.m. on **26 October 2017**.

2.5 Salient terms of the Warrants C

The salient terms of the Warrants C to be issued pursuant to the Rights Issue with Warrants are set out below:-

Issuer	:	mTouche
Issue size	:	Up to 278,750,283 Warrants C
Form and detachability	:	The Warrants C will be issued in registered form and constituted by the Deed Poll C. The Warrants C which are to be issued with the Rights Shares will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants C shall be 100 units of Warrants C, unless otherwise revised by the relevant authorities.
Tenure of the Warrants C	:	Three (3) years from the date of issuance of the Warrants C.
Exercise Period	:	The Warrants C may be exercised at any time within a period of three (3) years commencing from and including the date of issuance of the Warrants C to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third (3rd) anniversary from the date of issue of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The Exercise Price has been fixed at RM0.20, subject to the adjustments in accordance with the Deed Poll C.
Subscription rights	:	Each Warrant C shall entitle its registered holder to subscribe for one (1) new mTouche Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll C.
Mode of exercise	:	Warrant C Holders are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants C to subscribe for new mTouche Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of the Warrants C	:	Subject to the provisions of the Deed Poll C, the Exercise Price and/or the number of unexercised Warrants C in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants C, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or for reduction of capital, in accordance with the provisions of the Deed Poll C. Any adjustment to the Exercise Price will be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of ordinary shares) involve an increase in the Exercise Price.

Rights of the Warrant C Holders	:	The Warrants C do not confer on their holders any voting rights or participation in any form of distribution and/or offer of further securities in the Company until and unless such Warrant C Holders exercise their Warrants C for new mTouche Shares in accordance with the provisions of the Deed Poll C and such new mTouche Shares have been allotted and issued to such Warrant C Holders.
Rights of the Warrant C holders in the event of winding up, liquidation, compromise and/or arrangement	:	(a) Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C Holders (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant C Holders; and (b) in any other cases, every Warrant C Holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by his Warrants C and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks period, all subscription rights of the Warrants C shall lapse and cease to be valid for any purpose.
Modification of rights of the Warrant C Holders	:	Save as otherwise provided in the Deed Poll C, a special resolution of the Warrants C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant C Holders.
Modification of the Deed Poll C	:	Any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll C. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). The Company in consultation with an approved adviser, appointed by the Company for the purposes of the Deed Poll C, may from time to time without the consent or sanction of the Warrant C Holders make any modification (except to provisions for convening meetings of the Warrant C Holders) to the Deed Poll C which will not be materially prejudicial to the interest of the Warrant C Holders or is to correct any typographical errors or relate purely to administration matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia.

Transferability	:	The Warrants C shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
Deed poll	:	The Warrants C shall be constituted by the Deed Poll C.
Governing laws	:	The Warrants C and the Deed Poll C shall be governed by the laws of Malaysia.

2.6 Details of other intended corporate exercises which have been approved

As at the LPD, save for the Rights Issue with Warrants and ESOS, the Board confirms that there are no other corporate exercises which have been approved by the regulatory authorities but pending completion. The ESOS will be implemented after the completion of the Rights Issue with Warrants.

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3. SHAREHOLDER'S UNDERTAKING

mTouche intends to raise a minimum of RM6.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders, namely Tang Boon Koon and Chen Huei Ping, the Executive Directors of the Company, to subscribe in full for their respective entitlements and additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares applications to such extent that the aggregate subscription of Rights Shares under the Rights Issue with Warrants received by mTouche, amounts to not less than RM6.0 million.

Details of the Undertakings are as follows:-

Minimum Scenario

Undertaking Shareholders	Existing direct shareholdings		Minimum Rights Shares to be subscribed pursuant to the Undertakings			Direct shareholdings after the Rights Issue with Warrants	
	No. of Shares	%(1)	Subscription based on entitlement	Subscription based on excess shares application	Total	No. of Shares	%(2)
Tang Boon Koon	500,000	0.39	1,500,000	13,500,000	15,000,000	15,500,000	9.85
Chen Huei Ping	500,000	0.39	1,500,000	13,500,000	15,000,000	15,500,000	9.85

Notes:-
(1) Based on 127,347,550 issued Shares as at the LPD.
(2) Based on the enlarged 157,347,550 issued Shares pursuant to the Undertakings and under the Minimum Subscription Level.

Pursuant to the Undertakings, the Undertaking Shareholders have:-

(i) irrevocably and unconditionally warranted that they shall not sell or in any other way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertakings up to the Entitlement Date; and

(ii) confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements and additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares applications to the extent such that the aggregate subscription of Rights Shares under the Rights Issue with Warrants including their subscriptions for excess shares application received by mTouche amounts to not less than RM6.0 million. Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing the Rights Shares pursuant to the Undertakings.

The Undertaking Shareholders have confirmed that the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue with Warrants.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	As at the LPD			After the Rights Issue with Warrants		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Issued share capital	(1) 127,347,550	1,471	100.00	(2) 157,347,550	1,471	100.00
Less:						
Directors of mTouche						
- Tang Boon Koon	500,000	1	0.39	15,500,000	1	9.85
- Chen Huei Ping	500,000	1	0.39	15,500,000	1	9.85
Directors of subsidiaries of mTouche	-	-	-	-	-	-
Persons connected and associated to the Directors	-	-	-	-	-	-
Substantial shareholders of mTouche (3)						
- Kamarudin bin Meranun	13,649,350	1	10.72	13,649,350	1	8.67
- Kua Khai Shyuan	9,000,000	1	7.07	9,000,000	1	5.72

Particulars	As at the LPD			After the Rights Issue with Warrants		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Persons connected and associated to the substantial shareholders	-	-	-	-	-	-
Shareholders holding less than 100 Shares	12,928	268	0.01	12,928	268	0.01
Public shareholding spread	**103,685,272**	**1,199**	**81.42**	**103,685,272**	**1,199**	**65.90**

Notes:-

(1) Based on the 127,347,550 issued Shares as at the LPD.

(2) Based on the 157,347,550 issued Shares after the Rights Issue with Warrants, pursuant to the Minimum Subscription Level and excluding any exercise of the Warrants A and Warrants B.

(3) Based on the register of substantial shareholders of the Company as at the LPD.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable for the following reasons:-

(i) it will involve the issuance of new mTouche Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants C subsequently;

(ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and

(iii) it will enable the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants C attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants C will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants C and will allow Entitled Shareholders to further participate in the future growth of the Company as and when they are exercised.

The exercise of the Warrants C in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants C will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.20 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will now be utilised in the following manner:-

Proposed utilisation of proceeds		Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario	[1]Base Case Scenario	[1][2]Maximum Scenario
			RM'000	RM'000	RM'000
(i)	Upgrading of existing MVASP	Within 12 months	[3] 1,250	[3] 2,500	[3] 2,500
(ii)	Development of a MDEP	Within 18 months	[4] 3,750	[4] 7,500	[4] 7,500
(iii)	Working capital	Within 24 months	-	3,200	3,250
(iv)	Acquisition of new office premises	Within 24 months	-	7,500	7,500
(v)	Regional business expansion	Within 24 months	-	12,000	12,000
(vi)	Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	-	42,708	77,750
(vii)	Estimated expenses	Immediate	[5] 1,000	[5] 1,000	[5] 1,000
Total			**6,000**	**76,408**	**111,500**

Notes:-

(1) As the Company may raise an amount between the Minimum Scenario and the Maximum Scenario, any proceeds raised in excess of the RM6.0 million under the Minimum Scenario shall be utilised up to its respective allocation in the following priority:-

(i) Upgrading of existing MVASP;
(ii) Development of a MDEP;
(iii) Working capital;
(iv) Acquisition of new office premises;
(v) Regional business expansion; and
(vi) Acquisition and/or investment in other complementary businesses and/or assets.

(2) The Board wishes to highlight that the illustrative amount of up to approximately RM111.5 million that will be raised under the Maximum Scenario is based on the assumption that all the outstanding Warrants A and Warrants B are exercised prior to the Entitlement Date.

The Board is of the view that it is unlikely for all the outstanding Warrants A and Warrants B to be exercised prior to the Entitlement Date in view that:-

(a) the remaining tenure of approximately three (3) months and 29 months from the LPD for the Warrants A (expiring on 17 January 2018) and Warrants B (expiring on 16 March 2020) respectively; and

(b) the last transacted market price of mTouche Shares as at the LPD is RM0.205, the current exercise price of Warrants A is RM1.26 per Warrant A; the current exercise price of Warrants B is RM0.54 per Warrant B.

(3) The total funds required for upgrading of existing MVASP is RM2.5 million. If the Company only managed to raise RM6 million under the Minimum Scenario, the balance of RM1.25 million required for the upgrading of the MVASP will be funded via bank borrowings to be obtained.

(4) The total funds required for the development of a MDEP is RM7.5 million. If the Company only managed to raise RM6 million under the Minimum Scenario, the balance of RM3.75 million required for the development of the MDEP will be funded via bank borrowings to be obtained.

(5) If the actual expenses incurred are higher than budgeted, the deficit will be funded from the portion allocated for working capital. Conversely, any surplus of funds following payment of expenses will be utilised for working capital purposes.

(i) Upgrading of existing MVASP

The Company's MVASP, which includes servers, messaging queue system, content management system and an information database, amongst others, enables the company to provide mobile value added services, i.e. mobile messaging services, content services, and mobile solutions to its customers. As at the LPD, the existing MVASP has been in use for 13 years.

However, the current MVASP is currently at its maximum capacity as it serves two (2) million subscribers across seven (7) countries (Malaysia, Thailand, Indonesia, Vietnam, Singapore, Hong Kong and Cambodia). The subscribers currently subscribes to the Company's products and services through a total of 24 telecommunications companies across the seven (7) countries. Due to insufficient capacity of the MVASP's servers, the Company is occasionally faced with service interruption to its information database and queue system which resulted in loss of revenue generated from reduced traffic. As such, the Board is of the view that an upgrade of the existing MVASP is required.

The upgrading of the existing MVASP includes the following:-

		RM'000
(i)	Upgrades to the software, platform and services including the mobile content delivery platform, content management system, application services (services required to manage the application providers), traffic management system and content partners management and reporting (to manage content partners and prepare reports relating to the performance of the content provided by the content partners)	1,000
(ii)	Upgrades to the hardware via the purchase of, amongst others, servers, load balancer and storage systems as well as the installation, configuration, testing and commissioning required to ensure the hardware is able to perform optimally	1,500
		2,500

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From the upgrading of the existing MVASP, the Company expects to attain the following benefits:-

(a) The total capacity of the upgraded MVASP will be able to support up to five (5) million subscribers. Further, the upgraded MVASP allows the Company to accommodate up to ten (10) million subscribers through the purchase of additional hardware for data storage, while providing carrier grade performance and offering more reliability to its customers. The Company estimates that the purchase of such additional data storage hardware to accommodate up to ten (10) million subscribers, if and when required, to cost up to RM300,000 and this is included under the RM2.5 million funds required for the upgrade of the MVASP;

(b) Currently, the Company has different operating systems and procedures for its products and services. The upgrade of the MVASP allows the Company to integrate its mobile messaging services, content services and mobile solutions offerings to provide customers, which includes businesses, individuals and telecommunication companies with an all-encompassing product offering, thereby allowing customers to reduce their operational costs and more efficiently manage their business and operational needs;

(c) With the upgrades in server capacity and software, the Company expects to deliver its service and launch its products to customers faster; and

(d) Ease of integration with most of the service providers and/or content providers, thereby allowing more flexibility for its customers' needs.

Assuming the Rights Issue with Warrants is completed in the fourth quarter of 2017, the upgrades of the MVASP is expected to be completed by the second quarter of 2018.

(ii) Development of a MDEP

Due to the rapid change in technology and the affordability of smartphones, consumers are slowly shifting away from using feature phones which only allow for SMS and voice calls to using smartphones usage with mobile applications for many aspects of their lives including communication, work, education and entertainment.

In this regard, the Company is of the view that the current core business, which only offers mobile value added services for the conventional method of services and contents consumption, will slowly be replaced by the adoption of smartphones. As such, the Board intends to develop a MDEP, which is an all-encompassing mobile platform ecosystem for smartphones.

The MDEP comprises a social networking platform, an entertainment-related mobile platform and a mobile payment platform through an open application program interface which allows third party content providers, developers and programmers to customise and build their mobile applications for the MDEP. The MDEP can host a multitude of mobile applications built by third party content providers, developers and programmers and aims to be the go-to mobile application platform for users looking to have a streamlined mobile application platform comprising different functions. Further details on the MDEP and the estimated costs involved in developing the MDEP are as follows:-

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			RM'000
(a)	Development of software, systems and platform		
	(i)	Development of a social networking platform, that is compatible with all digital devices. The social media platform allows content providers, developers and programmers to develop social networking applications where users are able to socially interact with one another online through sending messages, sharing of photos, videos and news stories, amongst others	850
	(ii)	Development of a streaming and broadcasting platform which allows content providers, developers and programmers to develop entertainment related mobile applications where users are able to stream videos and broadcast videos	450
	(iii)	Development of a mobile payment platform which allows content providers, developers and programmers to develop mobile payment applications where users are able to make payments through their smartphones	500
	(iv)	Development of "OpenGate", which is an open application program interface ("**API**"). An API is a set of functions, protocols, and tools for building software applications. Hence, OpenGate allows content providers and developers to customise and build their mobile applications for the MDEP	500
	(v)	Development of a data warehouse which collects user data and provide user behavior analysis	1,350
	(vi)	Development of a traffic and information management system to manage the flow of data	700
	(vii)	Development of augmented reality technology in which augments the users view of a physical, real-world environment via computer-generated sensory input such as sound, video, graphics or GPS data. The augmented reality technology allows the surrounding real world of the user to be digitally manipulable and interactive	1,400
(b)	Purchase of hardware including, amongst others, servers, load balancer, storage systems as well as the installation, configuration, testing and commissioning required to ensure the hardware is able to perform optimally to support the MDEP		1,750
			7,500

In the event that the funds required for the development of the MDEP exceeds the estimated costs above, the Company expects to fund the difference via internally-generated funds. Based on the audited financial statements of the Group for the 18-month FPE 30 June 2017, the Group's trade receivables stood at RM13.2 million, cash and bank balances stood at RM1.6 million while current liabilities (comprising tax payable and trade and other payables) stood at RM12.6 million. Taking this into consideration, the Group expects that it has sufficient internal funds to finance the development of the MDEP should the development costs exceeds RM7.5 million.

Upon its completion, the MDEP provides smartphone users with a one-stop mobile platform that includes a social media platform, mobile payment platform, games and entertainment platforms as well as OpenGate which allows content providers, software developers and programmers to promote and jointly market their applications and products through the MDEP.

With the completion of the MDEP, the Company expects to be able to:-

(i) generate revenue from smartphone users who download the mobile applications on the MDEP through profit-sharing with content providers and developers that build and market their applications through OpenGate;

(ii) generate revenue through in-app purchases from the mobile contents and applications in the MDEP. Some examples of in-app purchases may include credits to purchase items within a gaming application as well as credits to purchase any additional functions and features of the respective applications;

(iii) build a database of its users' information, which is useful for the Company to analyse user behaviour. Through analysing user behaviour, the Company is better able to tailor its marketing efforts for its own products; and

(iv) generate revenue through the provision of marketing, advertising and sales services to the Company's customers (businesses, individuals and telecommunication companies) as well as to the content providers and developers that build and market their applications on the MDEP. The Company may provide an enhanced marketing, advertising and sales service through leveraging on the insights and analysis gathered from the data warehouse within the MDEP.

Assuming the Rights Issue with Warrants is completed in the fourth quarter of 2017, the development of the MDEP is targeted to be completed by the second quarter of 2019.

(iii) Working capital

The proceeds will be used for the Group's working capital purposes, which is expected to increase in tandem with the growth of its business, in the following manner:-

Working capital purpose	**Percentage allocation (%)**	**Base Case Scenario**	**Maximum Scenario**
		RM'000 (Up to)	**RM'000 (Up to)**
Hiring of new staff[(1)]	25.0	800	810
Operating expenses and administrative expenses such as utilities, rental costs, transportation costs, marketing costs and other miscellaneous items	75.0	2,400	2,440
Total	**100.0**	**3,200**	**3,250**

Note:-

(1) With the upgrading of the MVASP as well as the development and introduction of the MDEP, the working capital requirements of mTouche and its Malaysian subsidiaries include, among others, hiring of new employees to develop, support and market both its mobile value added services and the MDEP.

The hiring of new staff includes four (4) mobile iOS and Android application developers, two (2) database management and software engineers, two (2) contents production engineers and two (2) sales and marketing staff based in Malaysia. The Company intends to hire these staff upon the commencement of the development of the MDEP (i.e. within one (1) month from the receipt of proceeds from the Rights Issue with Warrants).

(iv) Acquisition of new office premises

Part of the proceeds from the Rights Issue with Warrants of up to RM7.5 million have been earmarked for the acquisition of new office premises to fulfil the current and anticipated future office space needs of the Group.

The mTouche Group has not entered into any binding agreement for the acquisition of any office premises at this juncture. Upon identification and finalisation of any property/properties to be acquired, the Company will make the necessary announcements as provided for in the Listing Requirements in relation to such acquisition. In the event that Shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought as per the provisions in the Act and/or Listing Requirements or such other regulatory bodies.

For information purposes, the Company has currently identified a suitable office location, the Vertical II Property, which is located at The Vertical II Office Suites in Bangsar South, Kuala Lumpur.

The Vertical II Office Suites comprise 32 storeys and each storey comprises eight (8) units of leasehold office suites measuring a total of 13,037 square feet. The office suites comprise units with sizes ranging from 878 square feet to 2,767 square feet each. The Vertical II Office Suites was completed in 2015 and the leasehold tenure of the land on which the Vertical II Office Suites are erected expires in 2106. Further, the Vertical II Office Suites was accredited with MSC Cybercentre status and Green Building status and its facilities include 24-hours security and card access as well as CCTV surveillance, amongst others.

The Vertical II Office Suites enjoys MSC Malaysia zone benefits which includes a fibre-optic backbone, high capacity digital telecommunications infrastructure made available by multiple providers and MSC Malaysia status financial incentives for ICT companies, amongst others.

As disclosed in the circular to shareholders dated 30 December 2016, the Board intended to acquire half a floor of office suites, i.e. four (4) units of office suites measuring approximately 6,393 square feet at either Level 27 or Level 29 of the Vertical II Office Suites. However, the aforementioned office suites identified are no longer available for sale. As such, the Board intends to acquire four (4) units of office suites measuring a total of 5,927 square feet located at Level 23A.

Based on the current market value of these office suites after consulting property agents covering the office suites, the purchase consideration of these office suites would be in the region of RM7.3 million (including 6% of Goods and Services Tax). After including the estimated legal fees and stamp duty charges of approximately RM250,000, the total cost of purchasing the office suites will be approximately RM7.5 million. All the units are intended for the relocation of the Group's offices and further details of the units are as follows:-

Level	Unit number	Size (square feet)	Purchase consideration (RM)
Level 23A	23A-01	1,654	2,022,268
	23A-02	960	1,181,688
	23A-03	951	1,172,148
	23A-05	2,362	2,885,108
		5,927	**7,261,212**

mTouche's office is currently located at a rented office suite at Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, measuring 3,912 square feet. The rental for the office space amounts to RM27,384 per month (RM7.00 per square foot) or RM328,608 per annum.

If the Company were to proceed with the proposed acquisition of the Vertical II Property, the Company intends to relocate its operations to the four (4) office suite units located on Level 23A in Vertical II Property as mentioned above. Through the relocation of its offices, the Company can save RM27,384 per month or RM328,608 per annum in rental expenses.

Depending on the actual proceeds raised and the timing of receipt of the same, in the event the Vertical II Property is not available or is for any reason subsequently not deemed suitable by the Board, the Company may utilise the proceeds to acquire other properties, with preference to commercial properties with MSC status for relocation of its offices. The Board endeavours to, amongst others, assess the commercial and financial viability of future property acquisitions for investments and negotiate terms that are in the best interests of the Company.

Pending the identification and finalisation of the property / properties to be acquired, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for Sections 5(i), 5(ii), 5(iii), 5(v), 5(vi) and 5(vii) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee of the Company. The status of utilisation will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

If the Company is unable to identify suitable properties within twelve (12) months from the completion of the Rights Issue with Warrants, the timeframe for the utilisation of proceeds that have been allocated for the said purpose will be extended for another twelve (12) months and announced as well as disclosed in mTouche's quarterly result announcements until the Company has successfully identified suitable properties to acquire and/or invest in. If the Company is still unable to identify suitable properties within 24 months from the completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unutilised proceeds back to Shareholders. In such an event, the Company shall seek the necessary approvals from Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

(v) Regional business expansion

Outside of Malaysia, the Company currently has presence in Thailand, Indonesia, Vietnam, Singapore, Hong Kong and Cambodia. The Company is of the view that there is a demand for mobile value added services as well as a subscriber base for the adoption of the completed MDEP in these countries. In this regard, mTouche intends to expand its existing regional business to cater for the growth in businesses in these regions to capture more customer.

The Company intends to utilise part of the proceeds for the regional expansion of its business as follows:-

Country	mTouche subsidiaries	Utilisation of proceeds				
		(1)Operating expenses	(2)Marketing and advertising	(3)Mobile games acquisition	(4)Content production	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Thailand	MTouche (Thailand) Co., Ltd	500	850	600	400	**2,350**
Indonesia	P.T. MTouche	500	850	600	400	**2,350**
Vietnam	mTouche (Vietnam) Co., Ltd / Mobile Asia Vietnam Co. Ltd	500	850	600	400	**2,350**
Singapore	MTouche Pte Ltd Mobile Fusion Pte Ltd M-BIT Pte Ltd	350	600	400	300	**1,650**
Hong Kong	MTouche (HK) Limited Nastech Limited	350	600	400	300	**1,650**
Cambodia	MTouche (Cambodia) Co., Ltd	350	600	400	300	**1,650**
	Total	**2,550**	**4,350**	**3,000**	**2,100**	**12,000**

Notes:-

(1) The operating expenses for the regional offices include, amongst others, expansion of data centres, network and bandwidth costs, hiring of new employees to support and market the new MDEP, expansion of current mobile value added services business pursuant to the completion of the upgrade to the MVASP and office space expansion.

(2) Marketing and advertising costs include, among others, sales, business development, advertising network costs and staff related expenses.

(3) Mobile games acquisition costs shall include, among others, the acquisition of mobile games from game developers to be marketed through the MDEP.

(4) Due to the differences in culture and language in each country, the platform and applications will require localisation and customised content development targeted for the respective regions.

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(vi) Acquisition and/or investment in other complementary business and/or assets

The allocation of up to RM77.8 million of the proceeds raised shall be utilised to finance any suitable and viable potential business(es) / investment(s) and/or strategic acquisition(s) in similar or other complementary businesses and/or assets (i.e. businesses within mTouche's core business of providing mobile content and other mobile value added services, as well as businesses relating to the MDEP), within 24 months from completion of the Rights Issue with Warrants. The Rights Issue with Warrants may allow mTouche Group to capitalise on suitable and viable investment opportunities as and when it arises, which may in turn generate positive returns to mTouche Group, thereby increasing Shareholders' value.

As at the LPD, the Board has yet to identify any specific business and/or assets for acquisition and/or investment. The Company will make the necessary announcement(s) as provided for in the Listing Requirements as and when it has entered into any agreement in relation to the acquisition and/or investment of the complementary business and/or assets. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for Sections 5(i), 5(ii), 5(iii), 5(iv), 5(v) and 5(vii) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee of the Company. The status of utilisation will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

If the Company is unable to identify suitable investments within 24 months from the completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unutilised proceeds back to Shareholders. In such an event, the Company shall seek the necessary approvals from Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

Notwithstanding the foregoing, the Board wishes to highlight that the illustrative amount of up to approximately RM77.8 million is based on the assumption that all the Warrants A and Warrants B are exercised prior to the Entitlement Date and the Rights Issue with Warrants is fully subscribed.

(vii) Estimated expenses

The breakdown of the estimated expenses for the Corporate Exercises are as follows:-

Estimated expenses	Amount RM'000
Professional fees	[(1)] 790
Fees to relevant authorities	120
Printing, despatch, advertising and meeting expenses	90
Total	**1,000**

Note:-

(1) Comprises fees payable to the Principal Adviser, solicitors, reporting accountants, Independent Market Researcher, company secretary and Share Registrar.

If the actual expenses incurred are higher than budgeted, the deficit will be funded from the portion allocated for working capital and/or internally-generated funds. Conversely, any surplus of funds following payment of expenses will be utilised for working capital purposes.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be eventually issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants C would depend on the actual number of Warrants C exercised. The proceeds from the exercise of the Warrants C will be received on an "as and when basis" over the tenure of the Warrants C.

Based on the exercise price of RM0.20 per Warrant C, the Company will raise gross proceeds of up to approximately RM55.8 million upon full exercise of the Warrants C under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants C in the future will be used to finance future working capital requirements including payment of salaries to staff of the Group, operating expenses and administrative expenses such as utilities, rental costs, transportation costs, marketing costs and other miscellaneous items as illustrated in Section 5(iii) of this Abridged Prospectus. The exact breakdown as well as the timeframe for full utilisation cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Group

(i) Business risks

The Group is principally involved in the provision of mobile value added services. It is subject to the risks inherent to the information technology and telecommunications industries. These include, amongst others, changes in telecommunication infrastructure, changes in laws and regulations applicable to the telecommunication business, entry of new players, availability of skilled personnel, introduction of new technological products and services as well as slowdown in growth in certain segments of the telecommunication industry in countries that the Group operate in.

There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of the Group.

(ii) Foreign exchange risks

The Company has business operations in Malaysia, Thailand, Indonesia, Vietnam, Singapore, Hong Kong and Cambodia. The Group's foreign operations will expose it to foreign exchange risks in the event of repatriation of profits from other countries back to Malaysia.

There is no assurance that any foreign exchange fluctuation will not have an adverse impact on the Group's earnings.

(iii) Rapid technological changes / product changes

The Group's ability to keep pace with rapid technological development in the telecommunications industry will affect its earnings. The mobile technology industry is characterised by rapid technological changes due to changing market trends, evolving industry standards, new technologies and emerging competition.

The Group's performance is dependent on its ability to enhance existing software products and services to respond to the constantly changing technological environment. There is no assurance that the Group's products and services will achieve market acceptance or able to compete with its competitors. Such circumstances may affect the financial performance of the Group.

(iv) Competition risk

The Group may face competition from existing competitors and new market entrants, both locally and internationally which offer similar products and services. There is no assurance that the Group's products and services are able to sustain its competitiveness, which may affect the financial performance of the Group.

(v) Product performance

The Group's R&D efforts are subject to risks inherent in the development of new products and technology (including unanticipated delays, expenses, difficulties). There can be no assurance that the Group's products (including the MVASP and MDEP) will satisfactorily perform the functions for which they are designed, that they will meet applicable price or performance objectives, or that the market will be receptive to them. There can also be no assurance that they will be commercially viable or successful or that unanticipated technical or other problems will not occur which would result in increased costs or material delays in the development thereof.

Furthermore, software products as complex as those developed by the Group may contain errors when installed, updated or enhanced. There can be no assurance that, despite testing by the Group and by current and potential end users, errors will not be found in new products after the delivery by the Group, resulting in loss or delay in market acceptance.

However, to minimise the exposure to such risk, the Group places emphasis on continuous R&D to develop new products and enhance existing products that are in line with current technology and market trends to meet the needs of its customers.

(vi) Political, economic and regulatory risks

The financial performance of the Group is partly dependent on the overall economic and political conditions both domestically and internationally. Adverse changes in the political, economic and regulatory conditions in Malaysia could materially affect the financial performance of the Group. These risks include, amongst others, economic downturn, unfavorable changes in monetary policy relating to interest rates, unfavorable changes in fiscal policy relating to taxation, unfavorable changes in exchange control regulations or introduction of new rules or regulations in the information technology and telecommunications industries and unfavorable changes in the political landscape.

As these risks are beyond the Group's control, there is no assurance that any adverse political, economic and regulatory developments will not materially affect the financial performance of the Group.

6.2 Risks relating to the Rights Issue with Warrants

(i) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants may be delayed or cancelled if there is a material adverse change of events or circumstances such as rapid economic decline or a major natural disaster, which is beyond the control of the Company and the Principal Adviser.

In the event of failure in the completion of the Rights Issue with Warrants, all application monies received by the Company pursuant to the Rights Issue with Warrants will be refunded without interest to the Entitled Shareholders and or their renouncee(s) *(if applicable)* who have subscribed for the Rights Shares in accordance with Section 243 of the CMSA and if any such monies is not repaid within 14 days after it becomes liable, the Company and its officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the event that the Rights Issue with Warrants is cancelled after the Rights Shares and Warrants C have been validly allotted to the Entitled Shareholders and/or their renouncee(s) *(if applicable)*, a return of monies of the Entitled Shareholders and/or their renouncee(s) *(if applicable)* can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of the Shareholders by way of a special resolution in a general meeting, consent of creditors (where applicable) and may require the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in. In view of this, there can be no assurance that the Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants A and Warrants B) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants C are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants C will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants C will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants C will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants C.

(iii) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.
All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers that the plans and objectives of the Group will be achieved.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%).

Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in first half of 2017. At this point, compared to the beginning of the year, there are considerable improvements in the operating environment of the economy. Looking ahead, it is likely for the Malaysian economy to expand by more than 4.8% for the whole year of 2017. Leading indicators such as the Department of Statistics Malaysia's composite leading index, Malaysian Institute of Economic Research (MIER) Business Conditions Index and MIER Consumer Sentiments Index, suggest continued expansion of the domestic economy. Private consumption will be underpinned by continued wage and employment growth, with support from various policy measures to raise disposable income. Investments will be driven by the implementation of new and ongoing infrastructure projects, and higher capacity expansion in the manufacturing and services sectors. The stabilization of commodity prices is also expected to lend support to investments in the mining sector. On the external front, exports are expected to benefit from the improvement in global growth, especially among Malaysia's key trading partners. Overall, the economy is expected to record a stronger growth in 2017.

On the supply side, the improvement in both external and domestic demand conditions will benefit the manufacturing and services sectors. The agriculture sector's growth will be underpinned by a recovery in crude palm oil yields post-El Niño. Growth in the mining sector is projected to be mainly supported by output from the ramping up of production in new gas facilities. In the construction sector, new and existing civil engineering projects will drive the sector going forward.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2017, BNM)

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) with nominal gross national income (GNI) per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2% - 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

7.2 Overview and outlook of the mobile content and solutions market in Malaysia

Mobile phones have become a major form of telecommunications in Malaysia. The total subscriptions of mobile phones have registered a substantial increase from 27.7 million in 2008 to 43.9 million in 2016, a growth of about 58.5 percent over the period. In addition, the mobile phone penetration rate surpassed the 100 mark in 2009, indicating that certain subscribers had more than one subscription. The mobile phone penetration rate rose from 98.9 per 100 individuals in 2008 to 141.3 per 100 individuals in 2016. As users' cost of using mobile communications continues to decline, the penetration rate is expected to undergo moderate growth in the near future.

In line with the increasing adoption of smartphones coupled with increasing 3G subscriptions, the use of short messaging services ("**SMSes**") has undergone a gradual decrease. A total of 15.1 billion SMSes were sent in 2016, a decrease of 41.7 percent from 25.9 billion in 2015.

Broadband access in Malaysia is in the form of fixed broadband (comprised asymmetric digital subscriber line, symmetric digital subscriber line, very-high-bit-rate digital subscriber line, fibre to the home and cable modem) and mobile broadband (comprised of prepaid, postpaid and pay per use). Usage of fixed broadband rose steadily to 2.5 million subscriptions in 2016 from 1.3 million in 2008, while the subscription for mobile broadband registered a remarkable increase to 28.5 million in 2016 from a mere 400,000 in 2008. The surge in subscription for mobile broadband reflects the growth in the use of smart devices that enable their users to access the Internet while on the go.

In total, broadband subscriptions in Malaysia grew from 1.7 million in 2008 to 31.0 million in 2016 at a CAGR of 43.8 percent. The roll out of Fourth Generation Long Term Evolution ("**4G LTE**") services since 2013 has also offered higher speed mobile broadband services to subscribers. As of 2015, 4G LTE population coverage has reached 53.6 percent with 1.35 million subscriptions.

The changes seen in the Malaysian mobile telecommunications subscription, penetration and usage highlight the following trends - firstly, the increase in subscription has led to reduction in prices which in turn makes it more affordable for more people to subscribe; and secondly, the usage has moved away from SMS to the consumption of information and entertainment as indicated by the increase in wireless broadband and 3G and 4G LTE subscriptions. Again, the trends in the Malaysian telecommunications industry and broadband market point towards a greater consumption of mobile content in future, and the need for further mobile content development and creation in Malaysia.

The mobile content and solutions market in Malaysia was valued at RM5.31 billion in 2016, and is expected to continue on a steady growth trend to reach RM10.95 billion in 2021. The forecast CAGR for the market size (revenue) of the mobile and content and solutions market in Malaysia from 2017 to 2021 is 15.6 percent. The positive outlook on the demand for mobile content and solutions in Malaysia stems mainly from factors namely, the increasing mobile phone subscription and penetration rate, replacement of physical functions with virtual possibilities, growing usage of mobile content and solutions and growing popularity of mobile apps/content.

An increasing mobile phone subscription and penetration rate would likely indicate a larger pool of potential users of mobile content and solutions services. The Internet age has also allowed for replacement of physical functions with virtual possibilities. Physical activities such as shopping and paying for goods can now be conducted online, trading posts have been replaced by the likes of eBay and the Lelong.com.my market places. Banking and bill payment processes have also been moving online to the Internet. The proliferation of these virtual functions creates a need for fast, reliable Internet connections that can go a long way towards driving the market for broadband and the Internet in the future. This development can help to drive the demand for mobile content and solutions.

In addition, growing usage of mobile content and solutions are identified in four sectors namely mobile social networking, mobile banking, mobile advertising and text voting. Mobile social networking offers an avenue for the consumption of social media where information, ideas, pictures and videos are created and shared across a variety of social media technologies such as Internet forums, social blogs and social networking sites. Next, mobile banking is one transactional avenue that financial institutions are keen to grow as it helps to reduce cash handling costs, expand customer base and minimise the necessity of customer services at branches while at the same time offers opportunities to promote value-added products directly to consumers in a targeted manner.

Meanwhile, mobile advertising has been recognised as a cost-efficient marketing method that can reach targeted audience with minimal restriction of time and place. Various mobile advertising channels can be found in Malaysia namely mobile messaging advertising, in-game mobile advertising and location-based advertising and more recently through mobile social networking sites. Lastly, text voting is a mobile content and solutions application that has been used in the broadcasting industry to provide interaction between audience and the programme while generating additional revenue through a high volume of SMS votes received.

The change of mobile users' preference from voice to data has also supported the growth of mobile content and solutions market where mobile content and solutions and mobile advertising are considered important drivers of average revenue per user. This switch of preference has also contributed to the prevalence of smartphones and data-driven mobile apps and content which are more storage and bandwidth-intensive.

On the supply side, the mobile content and solutions market is expected to be boosted by factors such as collaboration between telecommunication carriers and mobile content and solutions service provider, the Government support towards electronic payment as well as investment into and growth of start-up tech companies. Telecommunications carriers or operators are constantly under the pressure to improve services to entice new subscribers while retaining existing ones. To combat the situation, telecommunications carriers or operators have been exploring mobile data and video-related services which include collaboration with mobile content and solutions services providers to increase revenue and profitability.

The Malaysian Government has also given keen attention to creating an integrated payment ecosystem in the country and has identified it as an entry point projects under the Economic Transformation Programme. In addition, the growth of access to mobile technology in Malaysia has sparked a growth in tech start-up companies. Investments in these start-up tech companies encourage and guide the companies to expand, further spurring the development of local applications and software and in turn spur growth in the Malaysian mobile content and solutions market.

Though issues such as the downward pressure on profit sharing among market players may hamper the growth of the market, the rapid development in mobile and telecommunications technology and the continuing support by the Malaysia Government indicate positive expansion in the short to medium term.

(Source: IMR Report dated 18 September 2017 prepared by Protégé Associates)

7.3 Overview and outlook of the mobile content and solutions market in South East Asia and Hong Kong

The mobile phone has become an increasingly ubiquitous device that forms an integral part of modern society around the globe, including Asia. Supported by rising GDP and increasing spending on mobile data, the region particularly Hong Kong and countries in the South East Asia ("**SEA**") offers a good growth potential for mobile content and solutions market. Mobile phone subscriptions in Hong Kong and SEA region have been rapidly increasing over the last decade, with much of this growth attributable to the increasing penetration of smartphone and ease of convenience brought by mobile connectivity that allows users to stay connected to each other.

With the exception of Myanmar and Lao People's Democratic Republic ("**Lao PDR**"), the other seven countries in the SEA region namely, Brunei Darussalam, Cambodia, Indonesia, Malaysia, the Philippines, Singapore and Thailand as well as Hong Kong have recorded mobile phone subscriptions of over 100 percent (or over 100 mobile phone subscriptions per 100 individuals) in 2016.

The high mobile phone penetration rate in Hong Kong and SEA region is also supported by the emergence and expansion of the smartphone market. In Hong Kong, the proportion of persons aged 10 and over who owned smartphone grew significantly from 54.0 percent (4.9 million) in 2012 to 85.8 percent (5.5 million) in 2016. Meanwhile in the SEA region, the total smartphone shipments to SEA hit over 100 million units for 2015, representing a year-on-year growth of 22.0 percent. The total smartphone shipments to SEA stood at 28 million units during the second quarter of 2016, an increase of 18.1 percent as compared to data recorded in first quarter of 2016. Leveraging on its large population, Indonesia remains the largest smartphone market by accounting for 29.0 percent of the total SEA smartphone market in 2015. This is followed by Thailand (22.0 percent) and the Philippines (14.0 percent).

The increasing number of mobile phone subscriptions and the expansion of the smartphone markets in Hong Kong and in SEA have benefitted the mobile content and solutions market in the region, as the number of users of mobile phones, and smartphones represent a large pool of users who are fuelling the demand for digital connectivity, thus contributing to the growth of the mobile content and solutions market. Digital mobility and connectivity offer mobile phone users a range of conveniences. For example, mobile users can conduct various activities through mobile apps that are designed specifically for different purposes. Among some of the more frequently accessed and used mobile apps are those designed for social networking and games. As technology devices such as smartphones and tablets become increasingly affordable, the demand for mobile apps is set to grow and thus, spurring growth of the mobile content and solutions market.

The mobile content and solutions market in Hong Kong and SEA region is also expected to grow on the back of flourishing mobile commerce ("**m-commerce**") and electronic commerce ("**e-commerce**") markets. The m-commerce and e-commerce markets have been expanding as more consumers are opting for online and mobile-based purchases. In 2015, smartphone transactions made up of approximately 73 percent of all m-commerce transactions in the SEA region, while tablets accounted for the remaining 27 percent. As m-commerce and e-commerce markets grow, the adoption of mobile payment solutions is set to expand accordingly. Furthermore, mobile payment solution providers continue to invest in the development of their platforms especially in the context of payment security to ensure safe and smooth transactions. Such efforts are expected to drive higher adoption of mobile payment solutions in the region, which augurs well for the growth of the mobile content and solutions market in Hong Kong and the SEA region.

On the supply side, the increasing partnership between the telecommunication operators and content providers is expected to spur the growth of the mobile content and solutions market. As more smartphone users opt for free Internet-based apps, the greater utilisation of over the top ("**OTT**") apps, for example, instant messaging, has adversely affected the voice revenue of telecommunication operators. In order to grapple with decreasing voice revenue, telecommunication operators actively partner with content providers to drive data revenue. Such development bodes well for the growth of the mobile content and solutions market in the long term.

(Source: IMR Report dated 18 September 2017 prepared by Protégé Associates)

7.4 Global economy

The global economy continued to expand in the second quarter of 2017. Growth was also becoming more synchronised across the advanced and emerging economies. Indicators such as the manufacturing purchasing managers' index (PMI) and industrial production expanded at a faster pace, particularly in the advanced economies. Similarly, manufacturing PMIs in Asia have remained above the usual trend observed since the global financial crisis. This indicates that global recovery has become more entrenched.

Second quarter GDP releases showed sustained performance in the advanced economies. In the United States and euro area, growth drivers were more balanced as the uptrend in investments continued to complement private consumption. Capital imports rose in tandem with stronger investment to cater to increasing demand and higher capacity utilisation. Domestic demand in the People Republic of China lent further support to global demand, as ongoing policy tightening has yet to show signs of feeding into the real economy. These key developments continued to drive global trade. As a result, Asia benefitted from the recovery in global demand amid sustained strength in domestic demand.

Continued strengthening of the global economy in the second quarter, reaffirms the positive outlook of global growth in 2017. In the advanced economies, growth prospects remain favourable. Economic data releases point to a positive investment outlook. Of significance, labour market conditions are projected to tighten further, lending impetus to private consumption. Growth in the emerging market economies is expected to continue benefitting from strong external demand amid sustained domestic activity. As export growth remains robust, potential spillovers to the domestic economy reinforce the possibility of stronger momentum going forward.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2017, BNM)

Global growth is expected to expand 3.4% in 2017 (2016:3.1%), mainly attributed to improvements in the United States as well as stronger performance in the emerging market and developing economies. The United States is anticipated to post a higher growth of 2.2% (2016: 1.6%), supported by stronger business investment and strengthening housing market. Meanwhile, the euro area is expected to register a moderate growth of 1.5% (2016: 1.7%), mainly due to the Brexit (The United Kingdom's withdrawal from the European Union) uncertainties that may continue to effect business and consumer confidence. Similarly, growth is also expected to be slower at 1.1% (2016: 1.8%) in the United Kingdom. Japan's economy is anticipated to grow 0.6% (2016: 0.5%) amid the delay in consumption tax hike from April 2017 to October 2019 coupled with the implementation of other fiscal and monetary measures.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

7.5 Prospects and future plans of the Group

The principal activities of the Group are investment holding and provision of mobile value added services. Some of the mobile contents available for download include, amongst others, mobile games, mobile phone wallpaper, stickers used in chat messages to individual mobile phone users, whereas the mobile value added services provided by the Company include, amongst others, billing and payment gateways as well as bulk messaging services to businesses.

Currently, the Company rents a short code from telecommunication companies. Short codes are designed to be easier to read and remember than normal telephone number and are commonly used for businesses and content providers to combine mass-market communication with direct consumer interaction in an efficient manner.

Subscribers who chooses to purchase the mobile content sold by the Company will make payment to their respective telecommunication company provider via these short codes. The Company will then receive the payment from the telecommunication company provider for the subscription of such mobile content after deducting the costs relating to the rental and usage of the short codes.

mTouche's also serves as a billing and payment gateway for businesses who chooses to also sell their contents, products and services via the Company's short codes. In addition, businesses may also engage the mobile solutions provided by the Company such as bulk messaging services. The Company generates revenue by charging a management fee as well as a premium on the messaging costs for these services.

Due to the increasingly competitive market landscape in the mobile value added services industry, the financial performance of the Company had suffered in recent years. Further, the industry faced regulatory and technological changes which had influenced consumer behaviour. For example, the availability of free content and applications allowed consumers to be more selective and sophisticated in their choices. The rapid growth in the mobile industry and technology had also caused consumers to consistently look out for new content and applications. As a result, the Group has to constantly offer new and engaging content to remain relevant and competitive. The Group intends to continue with additional investment in purchasing content from content providers or investing in manpower and hardware to produce original content internally.

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Further, the Company intends to focus on its core business of providing mobile value added services such as mobile messaging, content services and mobile solutions through the upgrade of its existing MVASP as disclosed in Section 5 of this Abridged Prospectus. Its existing platform has been supporting the Company's business for the past 13 years and have reached its maximum capacity of two (2) million subscribers. The upgrade of the MVASP is expected to increase its capacity to up to ten (10) million subscribers, thereby allowing the Group to scale its operations upwards and record higher revenue through the provision of its mobile value added services.

In view of the rapid change in technology, the increased affordability of smartphones and the prospects of the mobile content and solutions market in Malaysia, South East Asia and Hong Kong as disclosed in Sections 7.3 and 7.4 of this Abridged Prospectus, the Group intends to develop the MDEP, an all-encompassing mobile platform ecosystem for smartphones to capitalise on this market sector. This initiative is expected to supplement the Group's revenue, thereby providing an alternative source of income.

The MDEP provides users with a one-stop mobile platform that includes a social media platform, games and entertainment platforms as well as OpenGate which allows content providers and developers to promote and jointly market their applications and products through the MDEP. Following the successful implementation of the MDEP, the Company expects to be able to generate additional revenue through various avenues as well as build a database of user information, which the Company may leverage on for future marketing purposes. Further information is as disclosed in Section 5 of this Abridged Prospectus.

Assuming the Rights Issue with Warrants is completed in the fourth quarter of 2017, the upgrades to the MVASP is expected to be completed by the second quarter of 2018, whilst the development of the MDEP is targeted to be completed by the second quarter of 2019.

Moving forward, the Company aims to be steadfast in growing its current business and achieve a higher level of operational efficiency. Upon the successful implementation of the future plans mentioned above and including the growth prospects of the mobile value added services industry as outlined above, the Group is optimistic that the outlook of its business will be positive in the future.

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8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the share capital are as follows:-

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	(1) Share capital (RM)	No. of Shares	(1) Share capital (RM)	No. of Shares	(1) Share capital (RM)
Share capital as at the LPD	127,347,550	27,804,222	127,347,550	27,804,222	127,347,550	27,804,222
Arising from the conversion of all the outstanding Warrants A	-	-	-	-	33,979,972	(2) 42,814,765
Arising from the conversion of all the outstanding Warrants B	-	-	-	-	24,506,000	(3) 13,233,240
Enlarged issued share capital	127,347,550	27,804,222	127,347,550	27,804,222	185,833,522	83,852,227
Arising from the Rights Issue with Warrants	30,000,000	(4) 5,000,000	382,042,650	(4) 75,408,530	557,500,566	(4) 110,500,113
	157,347,550	32,804,222	509,390,200	103,212,752	743,334,088	194,352,340
Arising from the full exercise of the Warrants C	15,000,000	(5) 3,000,000	191,021,325	(5) 38,204,265	278,750,283	(5) 55,750,057
Enlarged issued share capital after the Rights Issue with Warrants	**172,347,550**	**35,804,222**	**700,411,525**	**141,417,017**	**1,022,084,371**	**250,102,397**

Notes:-

(1) The amounts standing to the credit of the share premium account and capital redemption reserve have become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

(2) Based on the exercise price of RM1.26 per Warrant A.

(3) Based on the exercise price of RM0.54 per Warrant B.

(4) Based on the issue price of RM0.20 per Rights Share and after accounting for the estimated expenses incidental to the Corporate Exercises of approximately RM1,000,000.

(5) Based on the exercise price of RM0.20 per Warrant C.

8.2 NA and gearing

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Audited as at 30 June 2017 (RM'000)	(I) After the Rights Issue with Warrants [2][3] (RM'000)	(II) After (I) and assuming full exercise of the Warrants C [4] (RM'000)
Share capital	27,804	32,804	35,804
Reserves [1]	(15,352)	(15,352)	(15,352)
Shareholders' equity / NA	12,452	17,452	20,452
Non-controlling interest	(1,430)	(1,430)	(1,430)
Total equity	**11,022**	**16,022**	**19,022**
No. of Shares in issue ('000)	127,348	157,348	172,348
NA per Share (RM)	0.09	0.10	0.11
Total borrowings (RM'000)	-	-	-
Gearing ratio (times)	-	-	-

Notes:-
(1) Reserves include discount on shares, warrant reserve, foreign currency translation reserve, other capital reserves and accumulated losses.
(2) Based on the minimum subscription level of 30,000,000 Rights Shares together with 15,000,000 free Warrants C at an issue price of RM0.20 per Rights Share.
(3) After accounting for the creation of warrants reserve based on the issuance of 15,000,000 Warrants C at an allocated fair value of RM0.1224 per Warrant C and estimated expenses incidental to the Corporate Exercises of approximately RM1,000,000.
(4) Based on the exercise price of RM0.20 per Warrant C.

Base Case Scenario

Group level	Audited as at 30 June 2017 (RM'000)	(I) After the Rights Issue with Warrants [2][3] (RM'000)	(II) After (I) and assuming full exercise of the Warrants C [4] (RM'000)
Share capital	27,804	103,213	141,417
Reserves [1]	(15,352)	(15,352)	(15,352)
Shareholders' equity / NA	12,452	87,861	126,065
Non-controlling interest	(1,430)	(1,430)	(1,430)
Total equity	**11,022**	**86,431**	**124,635**
No. of Shares in issue ('000)	127,348	509,390	700,412
NA per Share (RM)	0.09	0.17	0.18
Total borrowings (RM'000)	-	-	-
Gearing ratio (times)	-	-	-

Notes:-

(1) Reserves include discount on shares, warrant reserve, foreign currency translation reserve, other capital reserves and accumulated losses.

(2) Based on the full subscription of 382,042,650 Rights Shares at the issue price of RM0.20 per Rights Share together with 191,021,325 free Warrants C.

(3) After accounting for the warrants reserve based on the issuance of 191,021,325 Warrants C at an allocated fair value of RM0.1224 per Warrant C and deducting estimated expenses incidental to the Proposals of approximately RM1,000,000.

(4) Based on the exercise price of RM0.20 per Warrant C.

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Maximum Scenario

Group level	Audited as at 30 June 2017 (RM'000)	(I) After assuming full exercise of outstanding Warrants A and Warrants B [(2)] (RM'000)	(II) After (I) and the Rights Issue with Warrants [(3)(4)] (RM'000)	(III) After (II) and assuming full exercise of the Warrants C [(5)] (RM'000)
Share capital	27,804	83,852	194,352	250,102
Reserves [(1)]	(15,352)	(15,352)	(15,352)	(15,352)
Shareholders' equity / NA	12,452	68,500	179,000	234,750
Non-controlling interest	(1,430)	(1,430)	(1,430)	(1,430)
Total equity	**11,022**	**67,070**	**177,570**	**233,320**
No. of Shares in issue ('000)	127,348	185,834	743,334	1,022,084
NA per Share (RM)	0.09	0.36	0.24	0.23
Total borrowings (RM'000)	-	-	-	-
Gearing ratio (times)	-	-	-	-

Notes:-

(1) Reserves include discount on shares, warrant reserve, foreign currency translation reserve, other capital reserves and accumulated losses.

(2) For illustrative purposes only, the outstanding Warrants A and Warrants B as at the LPD are assumed to be fully exercised into new Shares prior to the Entitlement Date.

(3) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at the issue price of RM0.20 per Rights Share.

(4) After accounting for the warrants reserve based on the issuance of 278,750,283 Warrants C at an allocated fair value of RM0.1224 per Warrant C and deducting estimated expenses incidental to the Proposals of approximately RM1,000,000.

(5) Based on the exercise price of RM0.20 per Warrant C.

8.3 Substantial shareholders' shareholdings

The substantial shareholders of the Company based on the register of substantial shareholders of the Company as at the LPD and the pro forma effects of the Rights Issue with Warrants on their shareholdings are as follows:-

Minimum Scenario

Substantial shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and the assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Kamarudin bin Meranun	13,649,350	10.72	-	-	13,649,350	8.67	-	-	13,649,350	8.16	-	-
Kua Khai Shyuan	9,000,000	7.07	-	-	9,000,000	5.72	-	-	9,000,000	5.38	-	-
Tang Boon Koon	500,000	0.39	-	-	15,500,000	9.85	-	-	23,000,000	13.74	-	-
Chen Huei Ping	500,000	0.39	-	-	15,500,000	9.85	-	-	23,000,000	13.74	-	-

Notes:-
(1) Based on the 127,347,550 issued Shares.
(2) Based on the enlarged 157,347,550 issued Shares.
(3) Based on the enlarged 172,347,550 issued Shares.

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Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholders, namely Mr Tang Boon Koon and Mr Chen Huei Ping, will not become substantial shareholders of the Company.

Substantial shareholders	As at the LPD				(I) After assuming full exercise of all outstanding Warrants A and Warrants B				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Kamarudin bin Meranun	13,649,350	10.72	-	-	13,649,350	7.34	-	-	54,597,400	7.34	-	-
Kua Khai Shyuan	9,000,000	7.07	-	-	9,000,000	4.84	-	-	36,000,000	4.84	-	-

Substantial shareholders	(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%
Kamarudin bin Meranun	75,071,425	7.34	-	-
Kua Khai Shyuan	49,500,000	4.84	-	-

Notes:-

(1) Based on the 127,347,550 issued Shares as at the LPD.
(2) Based on the enlarged 185,833,522 issued Shares.
(3) Based on the enlarged 743,334,088 issued Shares.
(4) Based on the enlarged 1,022,084,371 issued Shares.

8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of mTouche for FYE 30 June 2018 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants. However, assuming that the consolidated earnings of mTouche remains unchanged, the consolidated EPS of mTouche will be diluted as a result of the increase in the number of mTouche Shares in issue following the issuance of the Rights Shares and the new mTouche Shares arising from the exercise of the Warrants C.

8.5 Convertible securities

As at the LPD, save for the existing Warrants A and Warrants B, mTouche does not have any other outstanding convertible securities.

The Rights Issue with Warrants will give rise to an adjustment to the:-

(i) number and exercise price of the outstanding Warrants A pursuant to the Deed Poll A; and

(ii) number and exercise price of the outstanding Warrants B pursuant to the Deed Poll B.

The notices setting out the details of the above-mentioned adjustments will be despatched to the holders of the Warrants A and Warrants B respectively in due course.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

The Board is of the opinion that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's does not have any outstanding borrowings.

There has not been any default on payments of either interest and/or principal sums on any of the Group's borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities which upon becoming due or enforceable may have a material impact on the profits or NA value of the Group.

9.4 Material commitments

As at the LPD, there are no material commitments which upon becoming due or enforceable may have a material impact on the financial position of the Group.

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants C Applications and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants C that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants C if you choose to do so. This Abridged Prospectus and the RSF are also available at the Registered Office, the Share Registrar or on Bursa Securities' website (http://www.bursamalaysia.com).

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Thursday, 26 October 2017**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants C, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the Registered Office, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

One (1) RSF must be used for acceptance of the Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants C accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants C will be given the Warrants C on the basis of one (1) Warrant C for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants C that can be accepted is two (2) Rights Shares with one (1) Warrants C. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant C arising from the Rights Issue with Warrants will be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by the Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's Order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to **"MTOUCHE RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Thursday, 26 October 2017** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS C INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by 5.00 p.m. on **Thursday, 26 October 2017** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants C not validly taken up to applicants applying for the Excess Rights Shares with Warrants C in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants C provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares with Warrants C that may be accepted is six (6) Rights Shares with three (3) Warrants C. Fractions of a Rights Share and Warrant C arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Shares and 100 Warrants C respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants C which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during the period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants C applied for to the Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for the Excess Rights Shares with Warrants C Application

If you wish to apply for additional Rights Shares with Warrants C in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants C applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Thursday, 26 October 2017**, being the last time and date for Excess Rights Shares with Warrants C Applications and payment (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Shares with Warrants C Application(s) shall be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to **"MTOUCHE EXCESS RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Thursday, 26 October 2017** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants C Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board.

It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective excess application; and

(iv) finally, on a pro-rata basis and in board lots, to the renouncee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective excess application.

The Excess Rights Shares with Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants C will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants C are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants C applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right to allot any Excess Rights Shares with Warrants C Application, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants C and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of mTouche, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants C. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants C shall signify your consent to receiving such Rights Shares with Warrants C as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants C allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants C that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares with Warrants C may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

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This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

The Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and our Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants C available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants C, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;

(ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;

(iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is/are aware that the Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;

(v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants C; and

(vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants C, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants C.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS C UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants C pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll C, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

Yours faithfully
For and on behalf of the Board of
MTOUCHE TECHNOLOGY BERHAD

TANG BOON KOON
Executive Director

APPENDIX I – INFORMATION ON THE COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

mTouche was incorporated in Malaysia under the Companies Act, 1965 on 17 June 2004 as a private limited company under the name of mTouche Technology Sdn Bhd. mTouche was subsequently converted into a public company on 7 July 2004 and assumed its present name. mTouche was listed on the MESDAQ Market (currently known as ACE Market) of Bursa Securities on 21 July 2005.

The principal activities of mTouche are investment holding and provision of mobile value added services. The principal activities of mTouche's subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The Company's share capital as at the LPD are as follows:-

	No. of Shares	Total (RM)
Share capital	127,347,550	27,804,222

Details of the changes in the Company's share capital for the last three (3) years prior to the LPD are as follows:-

Date of allotment / reclassification	No of Shares allotted	Consideration / Type of issue	Cumulative share capital (RM)
5.9.2016	23,154,000	Private placement of 23,154,000 new mTouche Shares at an issue price of RM 0.10 each	25,469,510
31.1.2017	-	Transfer of the share premium account and capital redemption reserve to share capital pursuant to the transitional provisions set out in Section 618(2) of the Act	40,538,977
24.3.2017	-	Par Value Reduction	27,804,222

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue with Warrants.

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4. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name *(Designation)*	Age	Address	Nationality	Profession
Y.M. Raja Hizad Bin Raja Kamarulzaman *(Chairman / Non-Independent Non-Executive Director)*	63	No. 2, Jalan Kekwa 2 Seksyen BB2 Bandar Bukit Beruntung 48300 Rawang Selangor	Malaysian	Company Director
Tang Boon Koon *(Executive Director)*	47	No. 2A, Jalan Bendahara 4/7 Seksyen 7, Bandar Mahkota Cheras 43200 Kajang Selangor	Malaysian	Company Director
Chen Huei Ping *(Executive Director)*	25	No 6, Jalan Jingga 4 Taman Pelangi 80400 Johor Bahru Johor	Malaysian	Company Director
Kunamony A/P S.Kandiah *(Independent Non-Executive Director)*	66	No. 30, Jalan 14/48 46100 Petaling Jaya Selangor	Malaysian	Lawyer
Yong Ket Inn *(Independent Non-Executive Director)*	60	No. 7, Taman Rafflesia Jalan Bundusan 88300 Kota Kinabalu Sabah	Malaysian	Chartered Accountant

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APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

Minimum Scenario

Directors	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and the assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Tang Boon Koon	500,000	0.39	-	-	15,500,000	9.85	-	-	23,000,000	13.74	-	-
Chen Huei Ping	500,000	0.39	-	-	15,500,000	9.85	-	-	23,000,000	13.74	-	-

Notes:-
(1) Based on the 127,347,550 issued Shares as at the LPD.
(2) Based on the enlarged 157,347,550 issued Shares.
(3) Based on the enlarged 172,347,550 issued Shares.

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APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

Directors	As at the LPD				(I) After assuming full exercise of outstanding Warrants A and Warrants B				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Tang Boon Koon	500,000	0.39	-	-	500,000	0.39	-	-	2,000,000	0.27	-	-
Chen Huei Ping	500,000	0.39	-	-	500,000	0.39	-	-	2,000,000	0.27	-	-

Directors	(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%
Tang Boon Koon	2,750,000	0.27	-	-
Chen Huei Ping	2,750,000	0.27	-	-

Notes:-

(1) Based on the 127,347,550 issued Shares as at the LPD.
(2) Based on the enlarged 185,833,522 issued Shares.
(3) Based on the enlarged 743,334,088 issued Shares.
(4) Based on the enlarged 1,022,084,371 issued Shares.

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5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, mTouche does not have any associated companies. The Company's subsidiaries as at the LPD are as follows:-

Name of company	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Subsidiaries:-				
Mobile Touchetek Sdn Bhd	27 May 2003; Malaysia	RM3,500,000	100.00	Provision of mobile applications and related technology services.
mTouche International Sdn Bhd	21 October 2008; Malaysia	RM500,000	100.00	Provision of mobile applications and related technology services.
mTouche Pte Ltd	19 July 2002; Singapore	SGD100,000	100.00	Development of software and programming activities and provide maintenance and support service.
mTouche (Thailand) Co Ltd	16 February 2004; Thailand	THB1,000,000	99.94	Provision of mobile applications and related technology services.
mTouche (HK) Ltd	27 May 2002; Hong Kong	HKD2,000,000	100.00	Provision of mobile messaging content services.
mTouche (Vietnam) Co Ltd	18 September 2006; Vietnam	VND7,738,859,636	100.00	Provide mobile messaging technologies, billing platforms and interactive media solutions based on wireless and internet technologies.
mBit Pte Ltd	9 April 2007; Singapore	SGD500	100.00	Development of software and programming activities and provide maintenance and support service.

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APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Name of company	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
mTouche Technology Philippines Inc	6 May 2008; Philippines	PHP8,280,000	99.99	Engage in the business of handling and managing of computer data, data processing, data storage, systems design and analysis, software package development, programming, data communication, mobile messaging services, microfilming, and related services like contract programming, computer education, consultancy, hardware maintenance.
mTouche Cambodia Co Ltd	11 March 2013; Cambodia	USD5,000	100.00	Provision of mobile applications and related technology services.
PT mTouche	19 November 2003; Indonesia	RP254,490,000	(1) 49.00	Provider of mobile messaging technology.
Held through mTouche Pte Ltd				
Nastech Ltd	6 September 2007; Hong Kong	HKD10,000	100.00	Provision of mobile messaging content services, investment holding and trading of e-commerce.
Held through Nastech Ltd				
Mobile Fusion Pte Ltd	10 August 2007; Singapore	SGD1	100.00	Data communication service and other information service activities.
Held through mTouche (Vietnam) Co Ltd				
Mobile Asia Vietnam Co., Ltd	14 March 2003; Vietnam	VND1,500,000,000	100.00	Provide mobile messaging technologies, billing platforms and interactive media solutions based on wireless and internet technologies.

Note:-

(1) On 13 January 2014, the Company disposed of 51% of its shares. As a result, the Company owns 49% of the voting rights in PT mTouche following the aforementioned disposal. However, in view of the shareholders' arrangement between the shareholders of the company and the Group's control over the management of PT mTouche, the Board has assessed that the Group has control over PT mTouche. Further, the Board considers that the Group has significant control over PT mTouche's board of directors and commissioner, which are representatives of the Group.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on the audited consolidated financial statements of the Group for the past three (3) FYEs 31 December 2013 to 2015 as well as the latest unaudited consolidated financial statements for 18-month FPE 30 June 2017 are as follows:-

	Audited				Unaudited	
	FYE 31 December 2013	FYE 31 December 2014	FYE 31 December 2015	(1)(2) 18-month FPE 30 June 2017	(2) 12-month FPE 30 June 2016	(2) 12-month FPE 30 June 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,338	25,843	21,478	36,767	30,648	23,828
Cost of sales	(16,214)	(16,224)	(14,189)	(20,188)	(19,408)	(12,920)
GP	**12,123**	**9,618**	**7,289**	**16,579**	**11,240**	**10,908**
Other income	293	208	5,419	4,640	2,403	5,059
Administrative expenses	(9,885)	(11,889)	(10,556)	(12,029)	(9,676)	(8,626)
Other expenses	(1,762)	(3,920)	(2,868)	(6,350)	(3,552)	(5,432)
Finance costs	(4)	(88)	(4)	-	(1)	-
PBT / (LBT)	**766**	**(6,071)**	**(720)**	**2,840**	**414**	**1,909**
Tax expense	(850)	(851)	(578)	(2,178)	(92)	(1,775)
(LAT) / PAT	**(84)**	**(6,922)**	**(1,298)**	**662**	**322**	**134**
Profit / (Loss) attributable to:-						
- owners of the parent	107	(7,090)	(1,151)	941	548	258
- minority interest	(191)	167	(147)	(279)	(226)	(124)
EBITDA	894	(5,712)	513	3,917	2,040	3,353
GP margin (%)	42.8	37.2	33.9	45.1	36.7	45.8
(LAT) / PAT margin (%)	(0.3)	(26.8)	(6.0)	1.8	1.1	0.6
Number of Shares in issue (excluding treasury shares) ('000)	217,778	215,471	215,471	127,348	231,541	127,348
EPS / (LPS)						
- basic (sen) (3)	0.05	(3.29)	(0.53)	0.74	0.24	0.20
- diluted (sen)	(4) -	(4) -	(4) -	(4) -	(4) -	(4) -
Dividend (sen)	-	-	-	-	-	-

Notes:-

(1) As a result of change in the financial year end of the Company from 31 December to 30 June, the latest audited financial statements of the Company was for a period of 18 months from 1 January 2016 to 30 June 2017.

(2) Due to the difference in period lengths between audited figures for FYE 31 December 2015 (12 months) versus audited FPE 30 June 2017 (18 months), the financial performance for these two periods are not directly comparable.

30 June have been used as the accounting reference date for this comparison to provide a like-to-like comparison in terms of period length as it represents the new financial year end of the Group. Further, the comparison of a 12-month period represents the normal length of a financial year.

(3) Basic EPS / (LPS) is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the total number of Shares outstanding during the financial year, excluding treasury shares (if any) held by the Company.

(4) Diluted EPS / (LPS) is not presented as the conversion of outstanding Warrants A and Warrants B to Shares would be anti-dilutive given that their exercise price is higher than the fair value of the Shares.

Commentary on past financial performance:-

(i) FYE 31 December 2014 vs. FYE 31 December 2013

Revenue for FYE 31 December 2014 decreased by 8.8% compared to the previous financial year, mainly attributable to the lower revenue contribution from matured markets (countries with saturated markets which include Malaysia, Thailand, Hong Kong and Singapore) due to reduction in SMS usage by third party partners as the competition in these markets becomes stiffer with the early adoption of smartphone technology and smartphone applications, shifting the demand of a larger segment of users away from the traditional messaging services provided by the Group.

Cost of sales remained relatively consistent at RM16.2 million notwithstanding the drop in revenue, mainly due to the reason outlined above, as the Group's mobile contents became less appealing to its consumers. A major component of cost of sales is the rental cost for short codes from telecommunication companies, which remained relatively consistent.

Further, the GP margin dropped to 37.2% in FYE 31 December 2014 from 42.8% in the previous financial year mainly due to the drop in revenue as discussed above.

The Group incurred a higher LAT of RM6.9 million in FYE 31 December 2014 as compared to LAT of RM0.1 million in FYE 31 December 2013, mainly attributable to the following:-

(a) lower revenue and GP;

(b) higher administrative expenses of RM11.9 million in FYE 31 December 2014 as compared to RM9.9 million in FYE 31 December 2013 mainly due to the increase in manpower costs for the R&D of One Krypto (a mobile application which allows its subscribers to communicate with each other via chat, email and voice calls through a secured channel); and

(c) higher other expenses of RM3.9 million in FYE 31 December 2014 as compared to RM1.8 million in FYE 31 December 2013 mainly due to impairment of development cost for Juz Chat (a mobile application which functions as a social networking platform).

(ii) FYE 31 December 2015 vs. FYE 31 December 2014

Revenue for FYE 31 December 2015 decreased by 16.9% compared to the previous financial year, mainly attributable to lower revenue contribution from emerging market especially Indonesia due to the adoption of smartphone applications by some existing customers in Indonesia. As the Group's core business is carried out using conventional methods of messaging such as SMS and MMS, the Group's revenue was negatively impacted with the shift in consumer preference in utilising smartphone applications such as WhatsApp and WeChat, in place of conventional methods of messaging.

GP margin dropped to 33.9% in FYE 31 December 2014 from 37.2% in the previous financial year, mainly due to reduced SMS usage by third party partners while promotional cost for mobile content services did not see much reduction.

The Group's LAT decreased by 81.3% mainly due to the other income of RM5.4 million during FYE 31 December 2015 as compared to RM0.2 million in the previous financial year. This significant variance was mainly due to the following:-

(a) favourable gain in foreign currency exchange of approximately RM3.9 million due to the strengthening of the Group's foreign subsidiaries' currency against USD[1]; and

(b) a one-off recognition of compensation receivable of approximately RM1.2 million due to an early termination of a licensing agreement by PT Inovisi Infracom Tbk in relation to One Krypto.

Note:-

(1) The average exchange rates for the translation of financial information in the financial years under review are as follows:-

FYE 31 December 2014	FYE 31 December 2015
1SGD : 0.7890USD	1SGD : 0.7265USD
1THB : 0.0308USD	1THB : 0.0292USD
1VND : 0.0000472USD	1VND : 0.0000456USD
1PHP : 0.0225USD	1PHP : 0.0219USD
1HKD : 0.1290USD	1HKD : 0.1290USD
1RP : 0.00008431USD	1RP : 0.00007457USD

(iii) 12-month FPE 30 June 2017 (Unaudited) vs. 12-month FPE 30 June 2016 (Unaudited)

Revenue for 12-month FPE 30 June 2017 decreased by 22.3% as compared to 12-month FPE 30 June 2016, mainly attributable to lower revenue contribution from matured market (countries with saturated markets which include Malaysia, Thailand, Hong Kong and Singapore). As the Group's core business is carried out using conventional methods of messaging such as SMS and MMS, the Group's revenue was negatively impacted with the shift in consumer preference in utilising smartphone applications.

In May 2016, the Group reviewed and assessed its business operations and streamlined its business activities. During this period, the Group experienced lower revenue while it assessed the next course of action in streamlining its business operations. The steps taken to streamline the Group's business activities include:-

(a) ceased its operations in the development of new software and mobile applications since May 2016, as the Group found that this business is increasingly competitive. The development of such products requires constant R&D but is not expected to yield significant returns in the near future. This led to the disposal of its entire equity interest in MTB Securenet Sdn Bhd and Juz Technology Sdn Bhd in March 2017 ("**Disposals**"), the companies which previously carried out all the Group's R&D of new software and mobile applications activities; and

(b) re-focused on the Group's core business in providing mobile value added services and reviewed its existing products by developing new mobile contents in-house that are more appealing to subscribers and reducing the prices of these products to attract new subscribers.

The Group registered higher GP margin of 45.8% for 12-month FPE 30 June 2017 as compared to 36.7% for 12-month FPE 30 June 2016. This was mainly due to the following:-

(a) higher margin generated from in-house developed mobile contents such as mobile phone wallpaper and stickers used in chat messages to individual mobile phone users. The Group had previously outsourced its development of mobile contents to third party developers but decided to develop these products in-house in mid-2016. This move led to the improvement in its profit margin by saving on development costs to third party developers; and

(b) the Group incurred lower promotional cost in 12-month FPE 30 June 2017 after it reviewed its business operations post May 2016 as compared to 12-month FPE 30 June 2016, during which the Group had incurred higher promotional costs to attract and increase its subscriber base. Notwithstanding the larger subscriber base, the shift in consumer preference in utilising smartphone applications have negatively impacted the Group's revenue as its mobile contents had become less appealing to its consumers.

For the 12-month FPE 30 June 2017, the Group recorded higher other income of RM5.1 million, as compared to RM2.4 million in 12-month FPE 30 June 2016, an increase of 110.5%. This arose mainly from the RM1.7 million compensation received by mTouche and Mobile Touchetek Sdn Bhd pursuant to a favourable outcome of a court case against Pearl Legend International Limited, Goh Eugene and Tan Wee Meng for the recovery of wrongful payments made by Mobile Touchetek Sdn Bhd to Pearl Legend International Limited from 2009 to 2010. Goh Eugene and Tan Wee Meng were the directors of both mTouche and Mobile Touchetek Sdn Bhd during the material time. The Group also has gain on foreign currency exchange amounting to RM3.5 million in the 12-month FPE 30 June 2017.

The Group's cessation of its operations in the development of new software and mobile applications since May 2016 saw the departure of 15 staff, which led to savings of approximately RM100,000 per month in manpower cost. This led to reduction of its administrative expenses by 10.9% in 12-month FPE 30 June 2017 as compared to the previous corresponding period.

Upon the Disposals, the Group had recognised a total impairment loss of RM4.2 million in relation to R&D costs. This had mainly contributed towards the increase in other expenses by 52.9% in 12-month FPE 30 June 2017 as compared to the previous corresponding period.

The higher GP, high other income and lower administrative expenses have contributed towards an increase in the Group's PBT in 12-month FPE 30 June 2017 by 361.1% as compared to PBT in 12-month FPE 30 June 2016. The Group's PBT is mainly contributed by mTouche (Thailand) Co Ltd (2016: RM3.2 million; 2017: RM5.9 million), offset by losses made by other subsidiaries.

Notwithstanding the higher PBT achieved by the Group, the Group also recognised a higher tax expense due to the higher taxable income from Thailand. Accordingly, the Group's PAT in 12-month FPE 30 June 2017 has dropped by 58.4% as compared to the previous corresponding financial period.

Commentary for tax expense for FYEs 31 December 2013, 2014, 2015 and 18-month FPE 30 June 2017

	FYE 31 December 2013	FYE 31 December 2014	FYE 31 December 2015	18-month FPE 30 June 2017
Effective tax rate	111%	-14%	-80%	77%

The domestic applicable statutory tax rate in Malaysia for FYEs 31 December 2013, 2014 and 2015 is 25%. With effect from the year of assessment 2016, the applicable statutory tax rate is 24%.

In FYE 31 December 2013, the tax expense was higher than the PBT due to provision for foreign tax of RM0.88 million by foreign subsidiaries.

In FYE 31 December 2014, despite incurring losses, the Group had recognised RM0.85 million of tax expense mainly due to reversal of deferred tax assets by Mobile Touchetek Sdn Bhd of RM0.76 million.

In FYE 31 December 2015, despite incurring losses, the Group had recognised RM0.58 million of tax expense due to under provision of income tax in previous financial year of RM0.41 million by foreign subsidiaries.

In 18-month FPE 30 June 2017, the Group recognised tax expense of RM2.18 million mainly due to expenses not deductible for tax purposes of RM1.80 million.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of mTouche Shares traded on Bursa Securities for the past twelve (12) months up to August 2017 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
2016		
September	0.095	0.080
October	0.090	0.075
November	0.080	0.065
December	0.080	0.065
2017		
January	0.075	0.065
February	0.090	0.075
March[(1)]	0.230	0.075
April	0.290	0.190
May	0.335	0.265
June	0.340	0.230
July	0.735	0.345
August	0.575	0.195

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Note:-
(1) Price adjusted pursuant to the Share Consolidation, which was completed on 27 March 2017.

	RM
Last transacted market price on 2 December 2016, being the last Market Day immediately prior to the announcement of the Corporate Exercises	0.080
Last transacted market price as at the LPD	0.205
Last transacted market price on 28 September 2017, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.204

(Source: Bloomberg)

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APPENDIX II – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 23 JANUARY 2017

MTOUCHE TECHNOLOGY BERHAD

(656395-X)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 23 JANUARY 2017

It was RESOLVED:

SPECIAL RESOLUTION 1
- PROPOSED CAPITAL RESTRUCTURING COMPRISING:-

(a) PROPOSED PAR VALUE REDUCTION VIA THE CANCELLATION OF RM0.05 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.10 EACH IN ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965

(b) PROPOSED SHARE CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES OF RM0.05 EACH INTO ONE (1) NEW ORDINARY SHARE OF RM0.10 EACH IN MTOUCHE AFTER THE PROPOSED PAR VALUE REDUCTION

THAT subject to the confirmation of the High Court of Malaya ("High Court") pursuant to Section 64 of the Act and the approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given to the Company to effect the following:-

(a) a reduction in the par value of each of the issued and paid-up ordinary shares in the capital of the Company from RM0.10 to RM0.05 each in mTouche so that the issued and paid-up share capital of the Company is reduced from RM25,469,510 divided into 254,695,100 ordinary shares of RM0.10 each to RM12,734,755 divided into 254,695,100 ordinary shares of RM0.05 each by the cancellation of RM0.05 per ordinary share ("Proposed Par Value Reduction"); and

(b) the credit arising from such par value reduction shall be set-off against the accumulated losses of the Company and the remaining balance (if any) will be credited to the retained earnings of the Company which shall be utilised in a manner to be determined by the Board of Directors of the Company ("Board") at a later date in the best interests of the Company as permitted by applicable law in Malaysia.

THAT upon the Proposed Par Value Reduction taking effect, the authorised share capital of the Company be increased from RM25,000,000 divided into 500,000,000 ordinary shares of RM0.05 each to RM50,000,000 divided into 1,000,000,000 ordinary shares of RM0.05 each by the creation of 500,000,000 ordinary shares of RM0.05 each so as to restore the authorised share capital of the Company to its original amount of RM50,000,000;

THAT upon the above transaction taking effect and the completion of the Proposed Par Value Reduction and the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every two (2) ordinary shares of RM0.05 each in the Company into one (1) new ordinary share of RM0.10 each in the Company ("Consolidated Share") ("Proposed Share Consolidation");

THAT the Consolidated Shares shall, upon allotment and issuance, rank *pari passu* in all respects with one another AND THAT fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

.../2

AND THAT the Board be and is hereby authorised with full power to do all such acts, deeds and things and execute, sign and deliver on behalf of the Company all such documents and/or agreement as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give effect to the above transactions with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities and/or the High Court.

ORDINARY RESOLUTION 1
- PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY FROM RM50,000,000 COMPRISING 500,000,000 ORDINARY SHARES OF RM0.10 EACH TO RM300,000,000 COMPRISING 3,000,000,000 ORDINARY SHARES OF RM0.10 EACH ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

THAT subject to the passing of Special Resolution 1 and the approvals of the relevant authorities / parties (where required) being obtained, the authorised share capital of the Company be and is hereby increased from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM300,000,000 comprising 3,000,000,000 ordinary shares of RM0.10 each.

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

ORDINARY RESOLUTION 2
- PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 557,500,566 NEW ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY (AFTER THE PROPOSED PAR VALUE REDUCTION AND PROPOSED SHARE CONSOLIDATION) TOGETHER WITH UP TO 278,750,283 FREE DETACHABLE WARRANTS IN THE COMPANY ON THE BASIS OF SIX (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANTS C FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS ON A RIGHTS ENTITLEMENT DATE TO BE DETERMINED

THAT subject to the passing of the Ordinary Resolution 1 and Special Resolution 1 and the approval of all relevant authorities or parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the Rights Shares and Warrants C to be issued hereunder and the new Shares to be issued pursuant to the exercise of the Warrants C, the Board of Directors of the Company ("Board") be and is hereby authorised to undertake a renounceable rights issue of up to 557,500,566 new ordinary shares of RM0.10 each in the Company (after the implementation of the proposed par value reduction and proposed share consolidation to be undertaken by the Company) ("Rights Shares") together with up to 278,750,283 free detachable warrants in the Company ("Warrants C") to the shareholders of the Company ("Shareholders") and for such purpose ("Proposed Rights Issue With Warrants"):-

.../3

(i) to provisionally allot and issue by way of a renounceable rights issue the Rights Shares together with the Warrants C to the Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board ("Rights Entitlement Date") ("Entitled Shareholders") and/or their renouncee(s), on the basis of six (6) Rights Shares together with three (3) free Warrants C for every two (2) existing Shares held at a final issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(ii) to issue the Warrants C in registered form to the Entitled Shareholders (and/or their renouncee(s), as the case may be) and Excess Applicants (defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant C conferring the right to subscribe for one (1) new Share at an exercise price to be determined by the Board, subject to any adjustment to the subscription rights attached to the Warrants C in accordance with the provisions of a deed poll to be executed by the Company constituting the Warrants C ("Deed Poll C");

(iii) to allot and issue such number of additional warrants pursuant to adjustments as provided under the Deed Poll C ("Additional Warrants") and to adjust from time to time the exercise price of the Warrants C as a consequence of the adjustments under the provisions of the Deed Poll C and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required); and

(iv) to allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants C upon their exercise of the relevant warrants to subscribe for new Shares during the tenure of the Warrants C, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll C.

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("Excess Applicants") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants C and the new Shares to be issued pursuant to the exercise of the Warrants C shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 3 of the Circular to Shareholders dated 30 December 2016 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

.../4

MTOUCHE TECHNOLOGY BERHAD
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 23 JANUARY 2017 – PAR VALUE REDUCTION / SHARE CONSOLIDATION / INCREASE IN THE AUTHORISED SHARE CAPITAL / RIGHTS ISSUE
Page 4

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

THAT the Rights Shares shall, upon allotment, issuance and (where applicable) full payment, rank *pari passu* in all respects with the then existing issued and paid-up Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT the new Shares to be issued pursuant to the exercise of the Warrants C (including the Additional Warrants, if any) shall, upon allotment, issue and full payment of the exercise price of the Warrants C (or the Additional Warrants, if any), rank *pari passu* in all respects with the then existing issued and fully paid-up Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants C (including the Additional Warrants, if any);

AND THAT this Ordinary Resolution 2 constitutes a specific approval for the issuance of Shares and securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants C (including Additional Warrants, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.

Dated: 23 January 2017

CERTIFIED TRUE COPY

DIRECTOR
TANG BOON KOON

SECRETARY
NG SALLY (MAICSA 7060343)

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REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017
(Prepared for inclusion in the Abridged Prospectus)

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Date: 18 September 2017

The Board of Directors
mTouche Technology Berhad
Suite 39-06, Menara Citibank
165, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

MTOUCHE TECHNOLOGY BERHAD AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of mTouche Technology Berhad ("mTouche" or "the Company") and of its subsidiaries ("mTouche Group" or "the Group") as at 30 June 2017 together with the accompanying notes thereto. The Pro Forma Consolidated Statements of Financial Position which are set out in the accompanying statement (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for the purpose of inclusion in the Company's Abridged Prospectus in connection with the renounceable rights issue of up to 557,500,566 new ordinary shares in mTouche ("mTouche shares" or "Shares") ("Rights Shares") at an issue price of RM0.20 per Right Share together with up to 278,750,283 free detachable warrants in mTouche ("Warrants C") on the basis of six (6) Rights Shares together with three (3) Warrants C for every two (2) existing Shares held by the entitled shareholders of mTouche at 5.00 p.m. on 3 October 2017 ("Rights Issue with Warrants").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 30 June 2017 had the Rights Issue with Warrants been effected on that date. As part of this process, information about the mTouche Group's consolidated financial position has been extracted by the Directors of the Company from the audited financial statements of mTouche Group's for the financial period ended 30 June 2017, on which an audit report has been published.

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Directors' responsibilities

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

Our responsibility

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinion beyond that is owned to those to whom those reports or opinions were addressed by us at the date of their issuance.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact as if the Rights Issue with Warrants had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material aspects, on basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

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Our responsibility (cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other matters

This letter has been prepared at your request for inclusion in the Abridged Prospectus of mTouche in connection with the Rights Issue with Warrants. It is not intended to be used for any other purposes. We do not assume responsibility to any other person to the content of this letter.

Yours faithfully,

SJ GRANT THORNTON	OOI POH LIM
(NO. AF: 0737)	(NO: 3087/10/17(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

MTOUCHE TECHNOLOGY BERHAD
(Company No.: 656395-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

MINIMUM SCENARIO

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) on the assumption that these transactions were completed on 30 June 2017:-

		Audited as at 30 June 2017	Pro Forma I	Pro Forma II
		RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	3.1	787,735	5,787,735	5,787,735
Intangible assets		210,132	210,132	210,132
Deferred tax assets		118,347	118,347	118,347
Total non-current assets		1,116,214	6,116,214	6,116,214
Current assets				
Inventories		2,493	2,493	2,493
Trade and other receivables		20,161,537	20,161,537	20,161,537
Prepayments		742,945	742,945	742,945
Tax recoverable		461,925	461,925	461,925
Cash and bank balances	3.2	1,631,062	1,631,062	4,631,062
Total current assets		22,999,962	22,999,962	25,999,962
Total assets		24,116,176	29,116,176	32,116,176
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company				
Share capital	3.3	27,804,222	32,804,222	35,804,222
Reserves	3.4	(3,046,226)	(3,046,226)	(3,046,226)
Accumulated losses		(12,306,273)	(12,306,273)	(12,306,273)
		12,451,723	17,451,723	20,451,723
Non-controlling interests		(1,429,866)	(1,429,866)	(1,429,866)
Total equity		11,021,857	16,021,857	19,021,857

MTOUCHE TECHNOLOGY BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MINIMUM SCENARIO (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) on the assumption that these transactions were completed on 30 June 2017 (cont'd):-

		Audited as at 30 June 2017	Pro Forma I	Pro Forma II
		RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)				
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		16,217	16,217	16,217
Deferred benefits obligations		486,383	486,383	486,383
Total non-current liabilities		502,600	502,600	502,600
Current liabilities				
Trade and other payables		11,387,177	11,387,177	11,387,177
Tax payable		1,204,542	1,204,542	1,204,542
Total current liabilities		12,591,719	12,591,719	12,591,719
Total liabilities		13,094,319	13,094,319	13,094,319
Total equity and liabilities		24,116,176	29,116,176	32,116,176
Number of shares (Unit)	3.3	127,347,550	157,347,550	172,347,550
Net assets per share (RM)		0.09	0.10	0.11

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MINIMUM SCENARIO (CONT'D)

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited consolidated financial statements of mTouche for the financial period ended 30 June 2017.

The Pro Forma Consolidated Statements of Financial Position of mTouche have been prepared for illustrative purposes and on the assumptions that the Consolidated Statement of Financial Position were affected on that date by the transactions and events as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Minimum Scenario) had taken place on 30 June 2017.

2. TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The audited Consolidated Statement of Financial Position of mTouche as at 30 June 2017 had been adjusted assuming the following transactions and events were completed on 30 June 2017:-

(i) **Pro Forma I: Rights Issue with Warrants and Utilisation of Proceeds**

Pro Forma I incorporates the effects of the following:-

The Rights Issue with Warrants involves the issuance of 30,000,000 Rights Shares at an issue price of RM0.20 each together with 15,000,000 Warrants C at an exercise price of RM0.20 each.

The proceeds arising from the Rights Issue with Warrants of RM6,000,000 are expected to be utilised in the following manner:-

	RM
Upgrading and development of mobile platform	5,000,000
Estimated corporate exercise expenses	1,000,000
	6,000,000

The estimated corporate exercise expenses of approximately RM1,000,000 are charged against share capital account.

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MTOUCHE TECHNOLOGY BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MINIMUM SCENARIO (CONT'D)

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

(ii) **Pro Forma II: Full Exercise of Warrants C**

Pro Forma II incorporates the effects in Pro Forma I and the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 15,000,000 Warrants C at an exercise price of RM0.20 each.

The proceeds arising from the Full Exercise of Warrants C amounting to RM3,000,000 are expected to be fully utilised for working capital requirement of mTouche Group, as and when the Warrants C are exercised, within the tenure of the Warrants C. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017**

3.1 **PROPERTY, PLANT AND EQUIPMENT**

The movements of the property, plant and equipment are as follows:-

	RM
As at 30 June 2017	787,735
Arising from Rights Issue with Warrants and Utilisation of Proceeds	5,000,000
As per Pro Forma I to II	5,787,735

3.2 **CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:-

	RM
As at 30 June 2017/As per Pro Forma I	1,631,062
Arising from Full Exercise of Warrants C	3,000,000
As per Pro Forma II	4,631,062

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MINIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017**

3.3 **SHARE CAPITAL**

The movements of issued share capital are as follows:-

	Number of Shares Unit	Amount RM
As at 30 June 2017	127,347,550	27,804,222
Arising from Rights Issue with Warrants and Utilisation of Proceeds	30,000,000	5,000,000
As per Pro Forma I	157,347,550	32,804,222
Arising from Full Exercise of Warrants C	15,000,000	3,000,000
As per Pro Forma II	172,347,550	35,804,222

3.4 **RESERVES**

The movements of the reserves are as follows:-

	Discount on shares RM	Warrant reserves RM	Other reserves* RM	Total RM
As at 30 June 2017	(9,445,274)	9,445,274	(3,046,226)	(3,046,226)
Arising from Rights Issue with Warrants and Utilisation of Proceeds	(1,836,000)	1,836,000	-	-
As per Pro Forma I	(11,281,274)	11,281,274	(3,046,226)	(3,046,226)
Arising from Full Exercise of Warrants C	1,836,000	(1,836,000)	-	-
As per Pro Forma II	(9,445,274)	9,445,274	(3,046,226)	(3,046,226)

* Consists of foreign currency translation reserve and other capital reserve.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MINIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)**

3.4 **RESERVES (CONT'D)**

The warrants reserve is computed based on a fair value per warrant of RM0.1224 (Warrants C).

The assumptions used to arrive at this fair value are as follows:-

Valuation model	:	Black-Scholes Option Pricing Model
Tenure	:	3 years
Exercise price	:	RM0.20
Underlying price	:	RM0.2011 (theoretical ex-all price)
Volatility rate	:	93.904% based on mTouche's share price from 7 September 2016 to 7 September 2017
Risk free rate	:	3.851%

The actual quantum of warrants reserve will only be determined upon issuance of the Warrants C. As such, the actual quantum may differ from the amount computed above.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

BASE CASE SCENARIO

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Base Case Scenario) on the assumption that these transactions were completed on 30 June 2017:-

		Audited as at 30 June 2017 RM	Pro Forma I RM	Pro Forma II RM
ASSETS				
Non-current assets				
Property, plant and equipment	3.1	787,735	18,287,735	18,287,735
Intangible assets		210,132	210,132	210,132
Deferred tax assets		118,347	118,347	118,347
Total non-current assets		1,116,214	18,616,214	18,616,214
Current assets				
Inventories		2,493	2,493	2,493
Trade and other receivables		20,161,537	20,161,537	20,161,537
Prepayments		742,945	742,945	742,945
Tax recoverable		461,925	461,925	461,925
Cash and bank balances	3.2	1,631,062	59,539,592	97,743,857
Total current assets		22,999,962	80,908,492	119,112,757
Total assets		24,116,176	99,524,706	137,728,971
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company				
Share capital	3.3	27,804,222	103,212,752	141,417,017
Reserves	3.4	(3,046,226)	(3,046,226)	(3,046,226)
Accumulated losses		(12,306,273)	(12,306,273)	(12,306,273)
		12,451,723	87,860,253	126,064,518
Non-controlling interests		(1,429,866)	(1,429,866)	(1,429,866)
Total equity		11,021,857	86,430,387	124,634,652

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

BASE CASE SCENARIO (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Base Case Scenario) on the assumption that these transactions were completed on 30 June 2017 (cont'd):-

	Note	Audited as at 30 June 2017 RM	Pro Forma I RM	Pro Forma II RM
EQUITY AND LIABILITIES (CONT'D)				
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		16,217	16,217	16,217
Deferred benefits obligations		486,383	486,383	486,383
Total non-current liabilities		502,600	502,600	502,600
Current liabilities				
Trade and other payables		11,387,177	11,387,177	11,387,177
Tax payable		1,204,542	1,204,542	1,204,542
Total current liabilities		12,591,719	12,591,719	12,591,719
Total liabilities		13,094,319	13,094,319	13,094,319
Total equity and liabilities		24,116,176	99,524,706	137,728,971
Number of shares (Unit)	3.3	127,347,550	509,390,200	700,411,525
Net assets per share (RM)		0.09	0.17	0.18

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

BASE CASE SCENERIO (CONT'D)

1. **BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited consolidated financial statements of mTouche for the financial period ended 30 June 2017.

The Pro Forma Consolidated Statements of Financial Position of mTouche have been prepared for illustrative purposes and on the assumptions that the Consolidated Statement of Financial Position were affected on that date by the transactions and events as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Base Case Scenario) assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Base Case Scenario) had taken place on 30 June 2017.

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The audited Consolidated Statement of Financial Position of mTouche as at 30 June 2017 had been adjusted assuming the following transactions and events were completed on 30 June 2017:-

(i) **Pro Forma I: Rights Issue with Warrants and Utilisation of Proceeds**

Pro Forma I incorporates the effects of the following:-

The Rights Issue with Warrants involves the issuance of 382,042,650 Rights Shares together with 191,021,325 Warrants C on the basis of six (6) Rights Shares together with three (3) Warrants C for every two (2) existing ordinary shares subscribed by the entitled shareholders of mTouche at an issue price of RM0.20.

The proceeds arising from the Rights Issue with Warrants of RM76,408,530 are expected to be utilised in the following manner:-

	RM
Upgrading and development of mobile platform and acquisition of new office premises	17,500,000
Acquisition and/or investment in other complementary businesses and/or assets	42,708,000
Regional business expansion and working capital purposes	15,200,530
Estimated corporate exercise expenses	1,000,000
	76,408,530

The estimated corporate exercise expenses of approximately RM1,000,000 are charged against share capital account.

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MTOUCHE TECHNOLOGY BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

BASE CASE SCENARIO (CONT'D)

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

(ii) **Pro Forma II: Full Exercise of Warrants C**

Pro Forma II incorporates the effects in Pro Forma I and the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 191,021,325 Warrants C at an exercise price of RM0.20 each.

The proceeds arising from the Full Exercise of Warrants C amounting to RM38,204,265 are expected to be fully utilised for working capital requirement of mTouche Group, as and when the Warrants C are exercised, within the tenure of the Warrants C. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017**

3.1 **PROPERTY, PLANT AND EQUIPMENT**

The movements of the property, plant and equipment are as follows:-

	RM
As at 30 June 2017	787,735
Arising from Rights Issue with Warrants and Utilisation of Proceeds	17,500,000
As per Pro Forma I to II	18,287,735

3.2 **CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:-

	RM
As at 30 June 2017	1,631,062
Arising from Rights Issue with Warrants and Utilisation of Proceeds	57,908,530
As per Pro Forma I	59,539,592
Arising from Full Exercise of Warrants C	38,204,265
As per Pro Forma II	97,743,857

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

BASE CASE SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)**

3.3 **SHARE CAPITAL**

The movements of issued share capital are as follows:-

	Number of Shares Unit	Amount RM
As at 30 June 2017	127,347,550	27,804,222
Arising from Rights Issue with Warrants and Utilisation of Proceeds	382,042,650	75,408,530
As per Pro Forma I	509,390,200	103,212,752
Arising from Full Exercise of Warrants C	191,021,325	38,204,265
As per Pro Forma II	700,411,525	141,417,017

3.4 **RESERVES**

The movements of the reserves are as follows:-

	Discount on shares RM	Warrant reserves RM	Other reserves* RM	Total RM
As at 30 June 2017	(9,445,274)	9,445,274	(3,046,226)	(3,046,226)
Arising from Rights Issue with Warrants and Utilisation of Proceeds	(23,381,010)	23,381,010	-	-
As per Pro Forma I	(32,826,284)	32,826,284	(3,046,226)	(3,046,226)
Arising from Full Exercise of Warrants C	23,381,010	(23,381,010)	-	-
As per Pro Forma II	(9,445,274)	9,445,274	(3,046,226)	(3,046,226)

* Consists of foreign currency translation reserve and other capital reserve.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

BASE CASE SCENARIO (CONT'D)

3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

3.4 RESERVES (CONT'D)

The warrants reserve is computed based on a fair value per warrant of RM0.1224 (Warrants C).

The assumptions used to arrive at this fair value are as follows:-

Valuation model	:	Black-Scholes Option Pricing Model
Tenure	:	3 years
Exercise price	:	RM0.20
Underlying price	:	RM0.2011 (theoretical ex-all price)
Volatility rate	:	93.904% based on mTouche's share price from 7 September 2016 to 7 September 2017
Risk free rate	:	3.851%

The actual quantum of warrants reserve will only be determined upon issuance of the Warrants C. As such, the actual quantum may differ from the amount computed above.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) on the assumption that these transactions were completed on 30 June 2017:-

		Audited as at 30 June 2017	Pro Forma I	Pro Forma II	Pro Forma III
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3.1	787,735	787,735	18,287,735	18,287,735
Intangible assets		210,132	210,132	210,132	210,132
Deferred tax assets		118,347	118,347	118,347	118,347
Total non-current assets		1,116,214	1,116,214	18,616,214	18,616,214
Current assets					
Inventories		2,493	2,493	2,493	2,493
Trade and other receivables		20,161,537	20,161,537	20,161,537	20,161,537
Prepayments		742,945	742,945	742,945	742,945
Tax recoverable		461,925	461,925	461,925	461,925
Cash and bank balances	3.2	1,631,062	57,679,067	150,679,180	206,429,237
Total current assets		22,999,962	79,047,967	172,048,080	227,798,137
Total assets		24,116,176	80,164,181	190,664,294	246,414,351
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	3.3	27,804,222	83,852,227	194,352,340	250,102,397
Reserves	3.4	(3,046,226)	(3,046,226)	(3,046,226)	(3,046,226)
Accumulated losses		(12,306,273)	(12,306,273)	(12,306,273)	(12,306,273)
		12,451,723	68,499,728	178,999,841	234,749,898
Non-controlling interests		(1,429,866)	(1,429,866)	(1,429,866)	(1,429,866)
Total equity		11,021,857	67,069,862	177,569,975	233,320,032

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of mTouche Group as at 30 June 2017 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenerio) on the assumption that these transactions were completed on 30 June 2017 (cont'd):-

		Audited as at 30 June 2017 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities		16,217	16,217	16,217	16,217
Deferred benefits obligations		486,383	486,383	486,383	486,383
Total non-current liabilities		502,600	502,600	502,600	502,600
Current liabilities					
Trade and other payables		11,387,177	11,387,177	11,387,177	11,387,177
Tax payable		1,204,542	1,204,542	1,204,542	1,204,542
Total current liabilities		12,591,719	12,591,719	12,591,719	12,591,719
Total liabilities		13,094,319	13,094,319	13,094,319	13,094,319
Total equity and liabilities		24,116,176	80,164,181	190,664,294	246,414,351
Number of shares (Unit)	3.3	127,347,550	185,833,522	743,334,088	1,022,084,371
Net assets per share (RM)		0.09	0.36	0.24	0.23

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

1. **BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited consolidated financial statements of mTouche for the financial period ended 30 June 2017.

The Pro Forma Consolidated Statements of Financial Position of mTouche have been prepared for illustrative purposes and on the assumptions that the Consolidated Statement of Financial Position were affected on that date by the transactions and events as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position (Maximum Scenario) had taken place on 30 June 2017.

2. **TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The audited Consolidated Statement of Financial Position of mTouche as at 30 June 2017 had been adjusted assuming the following transactions and events were completed on 30 June 2017:-

(i) **Pro Forma I: Full Exercise of Outstanding Warrants A and Warrants B**

Pro Forma I incorporates the effects of the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 33,979,972 Outstanding Warrants A and 24,506,000 Outstanding Warrants B at an issue price of RM1.26 and RM0.54 respectively.

The proceeds arising from the Full Exercise of Warrants A and Warrants B amounting to RM56,048,005 are expected to be fully utilised for working capital requirement of mTouche Group, as and when the Warrants A and Warrants B are exercised, within the tenure of the Warrants A and Warrants B. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

(ii) **Pro Forma II: Rights Issue with Warrants and Utilisation of Proceeds**

Pro Forma II incorporates the effects in Pro Forma I and the following:-

The Rights Issue with Warrants involves the issuance of 557,500,566 Rights Shares together with 278,750,283 Warrants C on the basis of six (6) Rights Shares together with three (3) Warrants C for every two (2) existing ordinary shares subscribed by the entitled shareholders of mTouche at an issue price of RM0.20.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

2. TRANSACTIONS AND EVENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

(ii) **Pro Forma II: Rights Issue with Warrants and Utilisation of Proceeds (cont'd)**

The proceeds arising from the Rights Issue with Warrants of RM111,500,113 are expected to be utilised in the following manner:-

	RM
Upgrading and development of mobile platform and acquisition of new office premises	17,500,000
Acquisition and/or investment in other complementary businesses and/or assets	77,750,000
Regional business expansion and working capital purposes	15,250,113
Estimated corporate exercise expenses	1,000,000
	111,500,113

The estimated corporate exercise expenses of approximately RM1,000,000 are charged against share capital account.

(iii) **Pro Forma III: Full Exercise of Warrants C**

Pro Forma III incorporates the effects in Pro Forma I to II and the following:-

For illustration purposes, the Pro Forma Consolidated Statements of Financial Position have assumed full exercise of 278,750,283 Warrants C at an exercise issue price of RM0.20 each.

The proceeds arising from the Full Exercise of Warrants C amounting to RM55,750,057 are expected to be fully utilised for working capital requirement of mTouche Group, as and when the Warrants C are exercised, within the tenure of the Warrants C. As such, the exact timeframe for utilisation of the gross proceeds is not determinable at this juncture.

3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

3.1 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment are as follows:-

	RM
As at 30 June 2017/As per Pro Forma I	787,735
Arising from Rights Issue with Warrants and Utilisation of Proceeds	17,500,000
As per Pro Forma II to III	18,287,735

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)**

3.2 **CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:-

	RM
As at 30 June 2017	1,631,062
Arising from Full Exercise of Outstanding Warrants A and Warrants B	56,048,005
As per Pro Forma I	57,679,067
Arising from Rights Issue with Warrants and Utilisation of Proceeds	93,000,113
As per Pro Forma II	150,679,180
Arising from Full Exercise of Warrants C	55,750,057
As per Pro Forma III	206,429,237

3.3 **SHARE CAPITAL**

The movements of issued share capital are as follows:-

	Number of Shares Unit	Amount RM
As at 30 June 2017	127,347,550	27,804,222
Arising from Full Exercise of Outstanding Warrants A and Warrants B	58,485,972	56,048,005
As per Pro Forma I	185,833,522	83,852,227
Arising from Rights Issue with Warrants and Utilisation of Proceeds	557,500,566	110,500,113
As per Pro Forma II	743,334,088	194,352,340
Arising from Full Exercise of Warrants C	278,750,283	55,750,057
As per Pro Forma III	1,022,084,371	250,102,397

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SJ Grant Thornton

MTOUCHE TECHNOLOGY BERHAD
(Company No.: 656395-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

3. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)**

3.4 **RESERVES**

The movements of the reserves are as follows:-

	Discount on shares RM	Warrant reserves RM	Other reserves* RM	Total RM
As at 30 June 2017	(9,445,274)	9,445,274	(3,046,226)	(3,046,226)
Arising from Full Exercise of Outstanding Warrants A and Warrants B	9,445,274	(9,445,274)	-	-
As per Pro Forma I	-	-	(3,046,226)	(3,046,226)
Arising from Rights Issue with Warrants and Utilisation of Proceeds	(34,119,035)	34,119,035	-	-
As per Pro Forma II	(34,119,035)	34,119,035	(3,046,226)	(3,046,226)
Arising from Full Exercise of Warrants C	34,119,035	(34,119,035)	-	-
As per Pro Forma III	-	-	(3,046,226)	(3,046,226)

* Consists of foreign currency translation reserve and other capital reserve.

The warrants reserve is computed based on a fair value per warrant of RM0.1224 (Warrants C).

The assumptions used to arrive at this fair value are as follows:-

Valuation model	:	Black-Scholes Option Pricing Model
Tenure	:	3 years
Exercise price	:	RM0.20
Underlying price	:	RM0.2011 (theoretical ex-all price)
Volatility rate	:	93.904% based on mTouche's share price from 7 September 2016 to 7 September 2017
Risk free rate	:	3.851%

The actual quantum of warrants reserve will only be determined upon issuance of the Warrants C. As such, the actual quantum may differ from the amount computed above.

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18 SEP 2017
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CERTIFIED TRUE COPY

KISHAN NARENDRA JASANI
Partner

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2017

SJ GRANT THORNTON

CHARTERED ACCOUNTANTS

Member of Grant Thornton International Ltd.

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2017

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MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	Y. M. Raja Hizad Bin Raja Kamarulzaman (Redesignated from Non-Independent Executive Chairman to Non-Independent Non-Executive Director/Chairman on 1.4.2016) Tang Boon Koon (Executive Director) (Appointed on 4.5.2016) Chen Huei Ping (Executive Director) (Appointed on 4.5.2016) Darren Solomon Low Jun Ket (Executive Director) (Resigned on 4.5.2016) Datuk Raime Bin Unggi (Independent Non-Executive Director) (Resigned on 4.5.2016) Dato' Ahmad Bahrin Bin Idrus (Senior Independent Non-Executive Director) (Resigned on 4.5.2016) Kunamony A/P S. Kandiah (Independent Non-Executive Director) (Appointed on 6.5.2016) Yong Ket Inn (Independent Non-Executive Director) (Appointed on 26.7.2017) Yeap Teik Pung (Independent Non-Executive Director) (Resigned on 26.7.2017)
AUDIT COMMITTEE	Yong Ket Inn (Chairman) (Appointed on 26.7.2017) Yeap Teik Pung (Chairman) (Resigned on 26.7.2017) Y.M. Raja Hizad Bin Raja Kamarulzaman (Appointed on 6.5.2016) Kunamony A/P S. Kandiah (Appointed on 6.5.2016) Dato' Ahmad Bahrin Bin Idrus (Resigned on 4.5.2016) Datuk Raime Bin Unggi (Resigned on 4.5.2016)

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION (CONT'D)

SECRETARIES	Lim Lee Kuan Ng Sally
REGISTERED OFFICE	10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	Suite 39-06, Menara Citibank 165, Jalan Ampang 50450 Kuala Lumpur
PRINCIPAL BANKERS	Malayan Banking Berhad OCBC Bank (Malaysia) Berhad
SHARE REGISTRAR	Shareworks Sdn. Bhd. No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad - ACE Market
AUDITORS	SJ Grant Thornton (Member of Grant Thornton International Ltd.) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, research and development of existing and new technologies in the field of information technology and telecommunications and related activities.

The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial period.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and the Company has been changed from 31 December 2016 to 30 June 2017.

RESULTS

	Group RM	Company RM
Profit for the financial period	661,888	442,114
Attributable to:-		
Owners of the Company	941,155	442,114
Non-controlling interests	(279,267)	-
	661,888	442,114

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

DIRECTORS

The Directors who held office during the financial period end and up to date of this report are as follows:-

Y. M. Raja Hizad Bin Raja Kamarulzaman (Redesignated from Non-Independent Executive Chairman to Non-Independent Non-Executive Director/Chairman on 1.4.2016)
Tang Boon Koon (Executive Director) (Appointed on 4.5.2016)
Chen Huei Ping (Executive Director) (Appointed on 4.5.2016)
Darren Solomon Low Jun Ket (Executive Director) (Resigned on 4.5.2016)
Datuk Raime Bin Unggi (Independent Non-Executive Director) (Resigned on 4.5.2016)
Dato' Ahmad Bahrin Bin Idrus (Senior Independent Non-Executive Director) (Resigned on 4.5.2016)
Kunamony A/P S. Kandiah (Independent Non-Executive Director) (Appointed on 6.5.2016)
Yong Ket Inn (Independent Non-Executive Director) (Appointed on 26.7.2017)
Yeap Teik Pung (Independent Non-Executive Director) (Resigned on 26.7.2017)

The name of the Directors of the subsidiaries of the Company since the beginning of the financial period to the date of this report, not including those Directors listed above are:-

Chew Kok Hwa Ricky
Octiva Riadi Candra
Low Jun Hoe (Resigned on 4.5.2016)
Low Keng Fei (Resigned on 24.5.2016)
Pua Soo Jyue (Resigned on 24.5.2016)
Tran Tu Hai (Resigned on 24.5.2016)
Pham Thi My Hanh (Appointed on 24.5.2016)
Tao Thi Yen Oanh (Appointed on 26.5.2017)
Tran Huu Phuoc (Resigned on 26.5.2017)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 in Malaysia, the interests of Directors in office at the end of the financial period in shares and warrants in the Company and its related corporations during the financial period are as follows:-

	Number of ordinary shares				
	At 1.1.2016	Bought	Sold	Share consolidation	At 30.6.2017
Direct interest					
Tang Boon Koon	-	1,000,000	-	(500,000)	500,000
Chen Huei Ping	-	1,000,000	-	(500,000)	500,000
Indirect interest					
Y. M. Raja Hizad Bin Raja Kamarulzaman	64,287,600	-	(64,287,600)	-	-

By virtue of their interests in the Company, Tang Boon Koon and Chen Huei Ping are also deemed to have interest in the shares of all the subsidiaries during the financial period to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

Other than as disclosed above, none of the other Directors in office at the end of the financial period had any interest in shares and warrants in the Company and its related corporations during the financial period.

DIRECTORS' FEES AND BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivables by Directors as shown in the Notes to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no indemnity given to or insurance effected for the Directors of the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company:-

(a) increased its authorised ordinary share capital from 500,000,000 ordinary shares to 3,000,000,000 ordinary shares through creation of 2,500,000,000 ordinary shares.

(b) issued 23,154,000 of new ordinary shares at an issue price of RM0.10 per ordinary share for a total cash consideration of RM2,315,400 for working capital purposes via a private placement exercise.

(c) transfer of share premium account pursuant to Section 618(2) of the Companies Act, 2016 in Malaysia amounting to RM10,874,777 to become part of the Company's share capital.

There were no debentures issued during the financial period.

TREASURY SHARES

During the financial period, the Company had disposed 16,070,600 treasury shares at average price of RM 0.11 per share. The total consideration received from the disposal including transaction costs was amounting to RM1,777,747, resulting in a deficit of RM3,434,655 which has been debited to the share premium account as disclosed in Note 11 to the Financial Statements before the transfer of share premium account pursuant to Section 618(2) of the Companies Act, 2016 in Malaysia as the disposals were taken place before the implementation of the Companies Act, 2016 in Malaysia.

As at 30 June 2017, the Company has not held any treasury share.

WARRANTS

As at the end of the financial period, the Company has the following outstanding warrants:-

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.6.2017
Warrants 2010/2020	RM0.54	16 March 2020	24,506,000
Warrants 2008/2018	RM1.26	27 January 2018	33,979,972

Each Warrants 2010/2020 and Warrants 2008/2018 entitles its registered holders to subscribe one (1) new ordinary share in the Company at an exercise price of RM0.54 and RM1.26 per share respectively, subject to any further adjustments in accordance with the provisions of the deed poll, at any time within 10 years from the date of issue of the warrants. The last date to exercise the warrant rights of Warrants 2010/2020 and Warrant 2008/2018 are 16 March 2020 and 27 January 2018 respectively.

The details and salient terms of Warrants 2010/2020 and Warrants 2008/2018 are disclosed in Note 12 to the Financial Statements.

There were no new ordinary shares issued by virtue of the exercise of warrants.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to write off for any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial period in which this report is made.

There was no indemnity given to or insurance effected for the officers of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

The significant events during the financial period and significant events subsequent to the reporting date are disclosed in Note 28 to the Financial Statements.

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs SJ Grant Thornton, as remuneration for their services as auditors of the Company and its subsidiaries for the financial period ended 30 June 2017 amounted to RM136,000 and RM57,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....	)	
TANG BOON KOON	)	
	)	DIRECTORS
....	)	
CHEN HUEI PING	)	

Kuala Lumpur
15 September 2017

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTOR

In the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial period then ended.

In the opinion of the Directors, the supplementary information had been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....
TANG BOON KOON CHEN HUEI PING

Kuala Lumpur
15 September 2017

STATUTORY DECLARATION

I, Tang Boon Koon, being the Director primarily responsible for the financial management of mTouche Technology Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements and the supplementary information are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the above named at Kuala Lumpur in)
the Federal Territory on)
15 September 2017) ....
TANG BOON KOON

Commissioner for Oaths

PESURUHJAYA SUMPAH
W.490
S. ARULSAMY
MALAYSIA

16 - Tingkat Bawah Jalan Pudu
55100 Kuala Lumpur

GrantThornton

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Company No.: 656395 - X

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of mTouche Technology Berhad and its subsidiaries ("the Group") as at 30 June 2017, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue

Overstatement of revenue is considered to be a significant audit risk as it is the key driver of returns to investors.

Our procedures included, amongst others:-
- Evaluating the controls relating to revenue recognition;
- Performing substantive tests to verify the revenue recognised;
- Performing analytical procedures on the trend of revenue recognised to identify any abnormalities; and
- Performing cut-off test around the financial period end to check the revenue is recognised in the correct accounting period.

The Group's accounting policies in respect of revenue recognition is outlined in Group significant accounting policies and disclosures in Note 16 to the Financial Statements.

Recoverability of trade receivables

Due to the inherent subjectivity that is involved in making judgements in relation to credit risk exposures to determine the recoverability of trade receivables, recoverability of trade receivables is considered to be a significant audit risk.

Our procedures included, amongst others:-
- Evaluating the controls relating to credit control and approval process;
- Assessing the recoverability overdue receivables by comparing management's views of recoverability of overdue receivables to historical patterns of receipts, in conjunction with reviewing receipts subsequent to the financial period end for its effect in reducing overdue receivables as the financial period end;
- Holding discussions with management personnel to challenge the management's view on justification on the sufficiency of allowance for doubtful debts; and
- Assessing the adequacy of the disclosures in respect of credit risk.

The Group's accounting policies in respect of receivables is outlined in Group significant accounting policies, the management's judgement in the Group's significant accounting estimates and judgements and disclosures in Notes 8 and 25(a) to the Financial Statements.

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Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group an of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit procedures evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expressed to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory equirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 6 to the Financial Statements.

Other Reporting Responsibilities

The supplementary information set out in page 102 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON	KISHAN NARENDRA JASANI
(NO. AF: 0737)	(NO.: 3223/12/17(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
15 September 2017

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Company	
		30.6.2017	31.12.2015	30.6.2017	31.12.2015
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	787,735	1,849,372	81,940	1,362
Intangible assets	5	210,132	4,262,009	-	-
Investment in subsidiaries	6	-	-	6,559,716	6,559,720
Deferred tax assets	7	118,347	78,955	-	-
Other receivables	8	-	-	-	-
Total non-current assets		1,116,214	6,190,336	6,641,656	6,561,082
Current assets					
Inventories	9	2,493	18,890	-	-
Trade and other receivables	8	20,161,537	8,208,595	21,843,802	20,532,705
Prepayments		742,945	207,960	95,732	17,341
Tax recoverable		461,925	639,224	256,479	358,670
Cash and bank balances	10	1,631,062	3,470,108	10,038	131,947
Total current assets		22,999,962	12,544,777	22,206,051	21,040,663
Total assets		24,116,176	18,735,113	28,847,707	27,601,745
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	11	27,804,222	23,154,110	27,804,222	23,154,110
Share premium	11	-	14,309,432	-	14,309,432
Treasury shares	11	-	(5,212,402)	-	(5,212,402)
Reserves	12	(3,046,226)	458,807	-	4,194,690
Accumulated losses	13	(12,306,273)	(25,989,623)	(11,238,505)	(24,415,374)
		12,451,723	6,720,324	16,565,717	12,030,456
Non-controlling interests		(1,429,866)	(1,030,980)	-	-
Total equity		11,021,857	5,689,344	16,565,717	12,030,456
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	7	16,217	138,439	-	-
Defined benefit obligations	14	486,383	285,286	-	-
Total non-current liabilities		502,600	423,725	-	-
Current liabilities					
Trade and other payables	15	11,387,177	12,359,518	12,281,990	15,571,289
Tax payable		1,204,542	262,526	-	-
Total current liabilities		12,591,719	12,622,044	12,281,990	15,571,289
Total liabilities		13,094,319	13,045,769	12,281,990	15,571,289
Total equity and liabilities		24,116,176	18,735,113	28,847,707	27,601,745

The accompanying notes form an integral part of the financial statements.

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Group 1.1.2016 to 30.6.2017 RM	Group 1.1.2015 to 31.12.2015 RM	Company 1.1.2016 to 30.6.2017 RM	Company 1.1.2015 to 31.12.2015 RM
Revenue	16	36,767,481	21,477,533	2,757,591	1,942,209
Cost of sales		(20,187,931)	(14,188,505)	-	-
Gross profit		16,579,550	7,289,028	2,757,591	1,942,209
Other income		4,639,646	5,418,549	5,111,105	103,299
Administrative expenses		(12,029,505)	(10,555,854)	(1,808,240)	(3,487,191)
Other expenses		(6,349,719)	(2,867,578)	(5,233,368)	(1,521,444)
Finance costs		-	(3,706)	-	(3,706)
Profit/(Loss) before tax	17	2,839,972	(719,561)	827,088	(2,966,833)
Tax expense	18	(2,178,084)	(578,404)	(384,974)	(214,848)
Profit/(Loss) for the financial period/year		661,888	(1,297,965)	442,114	(3,181,681)
Other comprehensive income/(loss):-					
Item that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operation, net of tax		570,038	(3,729,856)	-	-
Item that will not be subsequently reclassified to profit or loss					
Actuarial gains on defined benefit obligations	14	8,931	10,319	-	-
Income tax effect	7	(1,491)	(3,222)	-	-
		7,440	7,097	-	-
Other comprehensive income/(loss) for the financial period/year, net of tax		577,478	(3,722,759)	-	-
Total comprehensive income/(loss) for the financial period/year		1,239,366	(5,020,724)	442,114	(3,181,681)
Profit/(Loss) for the financial period/year attributable to:-					
- Owners of the Company		941,155	(1,151,151)	442,114	(3,181,681)
- Non-controlling interests		(279,267)	(146,814)	-	-
		661,888	(1,297,965)	442,114	(3,181,681)
Total comprehensive profit/(loss) attributable to:-					
- Owners of the Company		1,638,252	(4,793,951)	442,114	(3,181,681)
- Non-controlling interests		(398,886)	(226,773)	-	-
		1,239,366	(5,020,724)	442,114	(3,181,681)
Earnings/(losses) per share attributable to the owners of the Company	19				
- Basic		0.43	(0.53)		
- Diluted		0.43	(0.53)		

The accompanying notes form an integral part of the financial statements.

Company No. 656395-X

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Attributable to owners of the Company											
	Non-distributable								Distributable			
	Share capital (Note 11)	Share premium (Note 11)	Treasury shares (Note 11)	Foreign currency translation reserve (Note 12)	Warrant reserve (Note 12)	Discount on shares (Note 12)	Capital redemption reserve (Note 12)	Other capital reserve (Note 12)	Accumulated losses	Total	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group												
Balance as at 1 January 2015	23,154,110	14,309,432	(5,212,402)	(1,550,829)	9,445,274	(9,445,274)	4,194,690	1,464,843	(24,845,569)	11,514,275	(804,207)	10,710,068
Loss for the financial year	-	-	-	-		-	-	-	(1,151,151)	(1,151,151)	(146,814)	(1,297,965)
Other comprehensive income/(loss) for the financial year												
- Remeasurement gain on net defined benefit liability, net of tax	-	-	-	-		-	-	-	7,097	7,097	-	7,097
- Exchange translation differences, net of tax	-	-	-	(3,649,897)		-	-	-	-	(3,649,897)	(79,959)	(3,729,856)
Total comprehensive loss for the financial year	-	-	-	(3,649,897)		-	-	-	(1,144,054)	(4,793,951)	(226,773)	(5,020,724)
Balance as at 31 December 2015	23,154,110	14,309,432	(5,212,402)	(5,200,726)	9,445,274	(9,445,274)	4,194,690	1,464,843	(25,989,623)	6,720,324	(1,030,980)	5,689,344
(Loss)/Profit for the financial period	-	-	-	-	-	-	-	-	941,155	941,155	(279,267)	661,888
Other comprehensive income/(loss) for the financial period												
- Remeasurement gain on net defined benefit liability, net of tax	-	-	-	-	-	-	-	-	7,440	7,440	-	7,440
- Exchange translation differences, net of tax	-	-	-	689,657	-	-	-	-	-	689,657	(119,619)	570,038
Total comprehensive icome/(loss) for the financial period	-	-	-	689,657	-	-	-	-	948,595	1,638,252	(398,886)	1,239,366
Transactions with owners:-												
Disposal of treasury shares	-	(3,434,655)	5,212,402	-	-	-	-	-	-	1,777,747	-	1,777,747
Issuance of share capital	2,315,400	-	-	-	-	-	-	-	-	2,315,400	-	2,315,400
Transition to no-par value regime on 31 January 2017^	15,069,467	(10,874,777)	-	-	-	-	(4,194,690)	-	-	-	-	-
Par value reduction	(12,734,755)	-	-	-	-	-	-	-	12,734,755	-	-	-
Total transactions with owners	4,650,112	(14,309,432)	5,212,402	-	-	-	(4,194,690)	-	12,734,755	4,093,147	-	4,093,147
Balance as at 30 June 2017	27,804,222	-	-	(4,511,069)	9,445,274	(9,445,274)	-	1,464,843	(12,306,273)	12,451,723	(1,429,866)	11,021,857

^ The new Companies Act, 2016 in Malaysia ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserve account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM10,874,777 and capital redemption reserve account of RM4,194,690 for purchase as set out in Sections 618(3) and 618(4) of the Act respectively. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONT'D)

	← Non-distributable					→	← Distributable →	
	Share capital (Note 11) RM	Share premium (Note 11) RM	Treasury shares (Note 11) RM	Warrant reserve (Note 12) RM	Discount on shares (Note 12) RM	Other reserve (Note 12) RM	Accumulated losses RM	Total equity RM
Company								
Balance as at 1 January 2015	23,154,110	14,309,432	(5,212,402)	9,445,274	(9,445,274)	4,194,690	(21,233,693)	15,212,137
Total comprehensive loss for the financial year	-	-	-	-	-	-	(3,181,681)	(3,181,681)
Balance as at 31 December 2015	23,154,110	14,309,432	(5,212,402)	9,445,274	(9,445,274)	4,194,690	(24,415,374)	12,030,456
Transactions with owners:-								
Disposal of treasury shares	-	(3,434,655)	5,212,402	-	-	-	-	1,777,747
Issuance of share capital	2,315,400	-	-	-	-	-	-	2,315,400
Transition to no-par value regime on 31 January 2017^	15,069,467	(10,874,777)	-	-	-	(4,194,690)	-	-
Par value reduction	(12,734,755)	-	-	-	-	-	12,734,755	-
Total transaction with owners	4,650,112	(10,874,777)	-	-	-	(4,194,690)	12,734,755	2,315,400
Total comprehensive income for the financial period	-	-	-	-	-	-	442,114	442,114
Balance as at 30 June 2017	27,804,222	-	-	9,445,274	(9,445,274)	-	(11,238,505)	16,565,717

^ The new Companies Act, 2016 in Malaysia ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserve account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM10,874,777 and capital redemption reserve account of RM4,194,690 for purchase as set out in Sections 618(3) and 618(4) of the Act respectively. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The accompanying notes form an integral part of the financial statements.

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Group 1.1.2016 to 30.6.2017 RM	Group 1.1.2015 to 31.12.2015 RM	Company 1.1.2016 to 30.6.2017 RM	Company 1.1.2015 to 31.12.2015 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		2,839,972	(719,561)	827,088	(2,966,833)
Adjustments for:-					
Amortisation of intangible assets		19,225	627,852	-	-
Deposit written off		-	4,800	-	-
Trade receivables written off		-	48,981	-	-
Inventories written off		3,277	-	-	-
Inventories written down		13,104	-	-	-
Depreciation		1,114,006	675,261	20,332	35,056
Impairment losses on financial assets		2,791,874	59,441	213,055	824,146
Reversal of impairment losses on financial assets		(59,032)	(11,484)	(3,190,000)	-
Impairment losses on investment in subsidiaries		-	-	3,615,600	-
Impairment losses on intangible assets		4,196,117	-	-	-
Interest expenses		-	3,706	-	3,706
Interest income		(36,652)	(74,503)	(15)	(2,957)
Property, plant and equipment written off		-	4,643	-	4,643
Provision of defined benefit obligations		188,697	107,442	-	-
Loss on disposal of property, plant and equipment		-	16,784	-	-
Gain on disposal of subsidiaries		(6,536,105)	-	(179,997)	-
Negative goodwill on acquisition of a subsidiary		(122,350)	-	-	-
Short term accumulating compensated absences		(53,491)	(4,643)	(53,491)	(4,643)
Unrealised (gain)/loss on foreign exchange		(444,679)	(3,861,598)	-	8,418
Operating profit/(loss) before working capital changes		3,913,963	(3,122,879)	1,252,572	(2,098,464)
Changes in working capital:-					
Inventories		-	197	-	-
Receivables		(14,504,018)	5,683,071	(1,885,326)	2,100,846
Payables		5,691,418	(3,218,746)	(3,235,808)	138,731
Cash (used in)/from operations		(4,898,637)	(658,357)	(3,868,562)	141,113
Tax paid		(487,619)	(1,143,127)	-	(830,426)
Tax refund		95,700	-	-	-
Net cash used in operating activities		(5,290,556)	(1,801,484)	(3,868,562)	(689,313)
INVESTING ACTIVITIES					
Additions to intangible assets		(89,896)	(4,046,986)	-	-
Acquisition of a subsidiary, net of cash acquired	6(b)	92,487	-	-	-
Investment in a subsidiary		-	-	(425,600)	-
Purchase of property, plant and equipment		(386,480)	(1,462,038)	(100,910)	(1,500)
Proceeds from disposal of a subsidiary	6(d)	178,573	-	180,001	-
Proceeds from disposal of property, plant and equipment		-	160	-	-
Interest received		36,652	74,503	15	2,957
Net cash used in investing activities		(168,664)	(5,434,361)	(346,494)	1,457

MTOUCHE TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONT D)

	Note	Group 1.1.2016 to 30.6.2017 RM	Group 1.1.2015 to 31.12.2015 RM	Company 1.1.2016 to 30.6.2017 RM	Company 1.1.2015 to 31.12.2015 RM
FINANCING ACTIVITIES					
Interest paid		-	(3,706)	-	(3,706)
Proceeds from issuance of share capital		2,315,400	-	2,315,400	-
Proceeds from disposal of treasury shares		1,777,747	-	1,777,747	-
Repayment of finance lease liabilities		-	(27,784)	-	(27,784)
(Placement)/Withdrawal of fixed deposits with maturity of three months or more		(2,433)	29,758	-	-
Net cash from/(used in) financing activities		4,090,714	(1,732)	4,093,147	(31,490)
CASH AND CASH EQUIVALENTS					
Net changes		(1,368,506)	(7,237,577)	(121,909)	(719,346)
Effects of changes in foreign exchange rate		(472,973)	656,892	-	-
Brought forward		3,427,168	10,007,853	131,947	851,293
Carried forward	10	1,585,689	3,427,168	10,038	131,947

The accompanying notes form an integral part of the financial statements.

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Suite 39-06, Menara Citibank, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The principal activities of the Company are investment holding, research and development of existing and new technologies in the field of information technology and telecommunications and related activities.

The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial period.

On 13 February 2017, the Company announced that the Group and the Company have changed their financial year end from 31 December 2016 to 30 June 2017 to facilitate the efficiency in financial reporting. The comparative figures are for the financial year from 1 January 2015 to 31 December 2015. Consequently, the comparative amounts for the statements of profit or loss and other comprehensive income, statements of cash flows, statements of changes in equity and related notes are not comparable.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 15 September 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new or revised MFRSs, Amendments/Improvements to MFRSs and IC Interpretation ("IC Int")

The Group and the Company have applied consistently the accounting policies set out in Note 3 to the Financial Statements to all periods presented in these financial statements.

At the beginning of the current financial period, the Group and the Company adopted amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2016.

Initial application of all the relevant new and revised MFRSs did not have material impact to the financial statements of the Group and of the Company.

2.4.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards issued but not yet effective (cont'd)

MFRS 9 Financial instruments

The MASB recently releases MFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to MFRS 139's guidance on the classification and measurement of financial assets and introduces new 'expected credit loss' model for the impairment of financial assets. MFRS 9 also provides new guidance on the application hedge accounting.

The Group's and the Company's management has yet to assess the impact of MFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard will come into effect on or after 1 January 2018 with early adoption permitted and the management is currently assessing the financial impact of adopting MFRS 15.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statements of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statements of financial position are expected to increase substantially.

The standard will come into effect on or after 1 January 2019 with early adoption permitted and the management is currently assessing the financial impact of adopting MFRS 16.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

2.5.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, future depreciation charges could be revised.

The carrying amount of the Group's and of the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to economical and technological changes which may cause selling price to change rapidly. The rapid change in selling price will have an impact in determining the net realisable value of inventories and ultimately the earnings of the Group.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 9 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's and of the Company's receivables at the end of the reporting period is disclosed in Note 8 to the Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Impairment of non-financial assets

At reporting date, the management determines whether the carrying values of its non-financial assets are impaired. This involves measuring the recoverable amounts using the 5 years-discounted cash flow ("DCF") analysis taking into consideration the past trends and the more recent performances achieved by the cash generating unit ("CGU").

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Impairment of non-financial assets (cont'd)

The discount rate applied to the DCF analysis is 10% (31.12.2015: 10%) which is in line with the average pre-tax weighted average cost of capital ("WACC") of the Group. The cash flows for the following financial year reflect the performance of the respective CGU adjusted for future revenues from agreements signed subsequent to the financial period end whilst growth rates for projection of cash flows beyond the following year is 3% (31.12.2015: 3%) reflecting its market experience. Long term growth rate applied to the DCF is 3% (31.12.2015: 3%).

Following the above assessment, the Group recognised impairment losses on intangible assets and investment in subsidiaries respectively as further disclosed in Notes 5 and 6 to the Financial Statements. The carrying amounts of intangible assets and investment in subsidiaries have been disclosed in the respective notes. Based on management's review, no further adjustment for impairment is required for the non-financial assets of the Group and of the Company during the current financial period.

Defined benefit plans

The cost of the defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions about the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, the Group's defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the approriate discount rates, management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit of the defined benefit obligation and extrapolated as needed along the yield curve to correspond with the expected terms of the defined benefit obligations. In countries where there are no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds were used.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The net employee liability as at the end of the reporting period and the details about the assumptions used are disclosed in Note 14 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Development expenditure

Development expenditure are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At reporting date, the carrying amount of capitalised development expenditure of the Group and of the Company are disclosed in Note 5 to the Financial Statements.

2.5.2 Significant management judgements

The significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements are as follows:-

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Capitalisation and amortisation of intangible assets

Intangible assets are capitalised in accordance with the accounting policy in Note 3 to the Financial Statements. Initial capitalisation of costs is based on management's judgement that it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of useful live. At the reporting date, the carrying amounts of intangible assets of the Group are disclosed in Note 5 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.2 Significant management judgements (cont'd)

Capitalisation and amortisation of intangible assets (cont'd)

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of respective components. The Group reviews the amortisation periods and useful lives at least once a year for intangible assets with finite lives. However, if there are indications that the intangible assets are unable to generate future cash flows, immediate impairment loss would be recognised in profit or loss. Further details are disclosed in Note 5 to the Financial Statements.

Control over PT mTouche

As disclosed in Note 6(c) to the Financial Statements, on 13 January 2014, the Group disposed 51% of its shares in PT mTouche ("PTMT"). As a result, the Group owns 49% of the voting rights of PTMT since the said disposal date. Pursuant to a shareholders' agreement and its control over the management team responsible for directing the relevant activities of PTMT, the Board of Directors assessed that the Group has control over PTMT.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Basis of consolidation

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

3.1.1 Business combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognised at that date.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group and the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements, or by holding substantive potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary.

Investment in subsidiaries is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

3.1.3 Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company. It is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separate from equity attributable to owners of the Company.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even though it may result in deficit to non-controlling interests.

3.1.4 Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between share of net assets before and after the change by the Group, and any consideration received or paid, is adjusted in the reserves.

3.1.5 Eliminations on consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

3.1.6 Changes in ownership in subsidiary companies without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.7 Loss of control

When the Group ceases to have control of a subsidiary, the Group derecognises the assets and liabilities, non-controlling interests and other components of equity related to the subsidiary company. Surplus or deficit arising from the loss of control is recognised in profit or loss.

Any interest retained by the Group in the entity is remeasured to its fair value at the date when the control is lost and surplus or deficit arising from the remeasurement is recognised in profit or loss. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation

3.2.1 Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in the entity's functional currency using the exchange rates prevailing at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at exchange rate at the reporting date. However, non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value in a foreign currency are retranslated to the functional currency at exchange rate when the fair value was determined.

Foreign currency differences arising from retranslation are recognised in profit or loss except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

Assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising in an acquisition, are translated at year-end exchange rates. The income and expenses of foreign subsidiaries are translated to RM at average rates during the financial period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign subsidiary is disposed in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposed part of its interest but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

If the settlement of a monetary item receivable from or payable to a foreign subsidiary is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item will form part of the net investment in the foreign subsidiary. Differences of such nature are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such costs as individual assets with specific useful lives and depreciation respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Computers	33%
Furniture and fittings	20%
Office equipment	33%
Renovations	20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial period the asset is derecognised.

3.4 Intangible assets

3.4.1 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still result in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets (cont'd)

3.4.1 Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair value of the disposed operations and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.2 to the Financial Statements.

Goodwill and fair value adjustments which arose on acquisition of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

3.4.2 Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of other intangible assets are either finite or indefinite. Other intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by charging the amortisation expense on other intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the other intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets (cont'd)

3.4.2 Other intangible assets (cont'd)

Other intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired, either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an other intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

(i) Intellectual property

Intellectual property comprises telecommunication software and television programme rights acquired and is considered to have a finite useful life due to the technological risks and advancement inherent in the industry. Intellectual property of the Group is amortised on a straight line basis over its estimated useful lives between 2 and 10 years.

(ii) Software licenses

The Group has develop the following criteria to identify computer software license to be classified as property, plant and equipment or intangible asset:-

- Software license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property, plant and equipment;

- Application software that is being used on a computer that is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

Due to the risk of technological changes, the useful lives of all software licenses are generally assessed to be finite. Software licenses that are classified as intangible assets are amortised on a straight-line basis over its estimated economic useful lives, ranging between 3 and 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets (cont'd)

3.4.2 Other intangible assets (cont'd)

(iii) **Research and development costs**

All research costs are recognised in the profit or loss as incurred.

Development expenditures incurred on projects to develop new products are capitalised and recognised as intangible assets 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, the ability to measure reliably the expenditure during the development and the ability to use the intangible asset generated. Development expenditures which do not meet these criteria are expensed when incurred.

Development expenditure are considered to have finite useful lives and are stated at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits, computed on a straight-line basis over the useful economic lives of the underlying products ranging between 5 and 10 years.

During the period of development, the asset is tested for impairment annually.

3.5 Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years. A reversal of impairment loss for an asset is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method basis.

Costs of inventories comprised costs of purchase.

Net realisable value represents the estimated selling in the ordinary course of business less selling and distribution cost all other estimated costs to completion.

3.7 Financial instruments

3.7.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.7.2 Financial assets - Categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held-to-maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at the end of each reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset are transferred. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in the equity is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.2 Financial assets - Categorisation and subsequent measurement (cont'd)

Other than loans and receivables, the Group and the Company do not have any held-to-maturity investments, available-for-sale financial assets and financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most of the other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.7.3 Financial liabilities - Categorisation and subsequent measurement

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

At the reporting date, the Group and the Company has not designated any financial liabilities at fair value through profit or loss, the Group and the Company carries only other financial liabilities on their statements of financial position.

Other financial liabilities

The Group's and the Company's financial liabilities include trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.8 Impairment of financial assets

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Equity, reserves and dividend payments

An equity instruments is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary share are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions cost. Ordinary shares are classified as equity.

Prior to Companies Act, 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to issuance of new shares are deducted against equity.

Accumulated losses include all current and prior period losses.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

All transactions with owners of the Company are recorded separately within equity.

3.11 Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classify as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Warrants

The Warrants issued by the Company is recognised as equity instrument in the statements of financial position.

The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares in the Company. The proceeds are credited to share capital if any. The warrants reserve in relation to the unexercised warrants will be reversed upon expiry of the warrants.

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Operating Lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.15.1 Rendering of service

Revenue is recognised net of taxes and discount when the services are rendered.

3.15.2 Management and licensing fees

Management and licensing fees are recognised on an accrual basis.

3.15.3 Interest income

Interest income is recognised on an accrual basis using the effective interest method unless recoverability is in doubt, in which case, it is recognised on receipt basis.

3.15.4 Sales of goods

Revenue is recognised net of taxes and upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.15.5 Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.16 Employee benefits

3.16.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee benefits (cont'd)

3.16.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current financial period.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiaries also make contributions to their country's statutory pension schemes.

3.16.3 Defined benefit plans

The Group has defined pension plans arising from two of its subsidiaries, mTouche (Thailand) Co Ltd. and PT mTouche respectively. These plans are unfunded.

The costs of providing benefits under the defined benefit plans are calculated using the projected unit credit actuarial valuation method. That benefit is discounted in order to determine its present value.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the statements of financial position with a corresponding entry to retained earnings through other comprehensive income in the period in which they occur. These remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date of the Group recognises restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'administrative expense' in the consolidated profit or loss.

- service costs comprising current costs, past-service costs, gains and losses on curtailments and non-routine settlements.

- net interest expense.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax expense

3.17.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.17.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted as at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group or the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the customs is included as part of receivables or payables in the statements of financial position.

3.19 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the ultimate holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity.
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the Group.
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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4. PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Motor vehicles RM	Total RM
Group						
Cost						
At 1 January 2015	3,720,472	362,516	721,802	644,605	706,637	6,156,032
Additions	997,651	14,232	30,724	414,979	4,452	1,462,038
Disposals	-	(30,042)	(2,153)	-	(3,121)	(35,316)
Written off	(3,471)	-	(2,199)	-	-	(5,670)
Translation differences	363,543	30,790	47,102	47,266	413	489,114
At 31 December 2015	5,078,195	377,496	795,276	1,106,850	708,381	8,066,198
Additions	127,083	98,552	18,024	84,330	58,491	386,480
Written off	-	-	(2,532)	-	-	(2,532)
Disposal of subsidiaries	(881,658)	-	-	-	-	(881,658)
Translation differences	132,971	19,550	(69,440)	17,299	170	100,550
At 30 June 2017	4,456,591	495,598	741,328	1,208,479	767,042	7,669,038
Accumulated depreciation						
At 1 January 2015	3,291,796	273,673	485,990	477,231	610,508	5,139,198
Charge for the financial year	390,040	29,402	80,207	124,436	51,176	675,261
Disposals	-	(13,890)	(1,361)	-	(3,121)	(18,372)
Written off	(629)	-	(398)	-	-	(1,027)
Translation differences	331,869	19,754	33,289	36,716	138	421,766
At 31 December 2015	4,013,076	308,939	597,727	638,383	658,701	6,216,826
Charge for the financial period	668,322	143,845	54,778	213,444	33,617	1,114,006
Written off	-	-	(2,532)	-	-	(2,532)
Disposal of subsidiaries	(532,045)	-	-	-	-	(532,045)
Translation differences	89,656	5,422	(25,404)	15,329	45	85,048
At 30 June 2017	4,239,009	458,206	624,569	867,156	692,363	6,881,303
Net carrying amount						
At 31 December 2015	1,065,119	68,557	197,549	468,467	49,680	1,849,372
At 30 June 2017	217,582	37,392	116,759	341,323	74,679	787,735

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Motor vehicles RM	Total RM
Company						
Cost						
At 1 January 2015	149,014	520	11,913	7,456	174,530	343,433
Additions	-	-	-	1,500	-	1,500
Transferred from a subsidiary	2,842	-	1,801	-	-	4,643
Written off	(2,842)	-	(1,801)	-	-	(4,643)
At 31 December 2015	149,014	520	11,913	8,956	174,530	344,933
Additions	4,380	-	8,309	29,730	58,491	100,910
At 30 June 2017	153,394	520	20,222	38,686	233,021	445,843
Accumulated depreciation						
At 1 January 2015	149,010	518	11,909	7,456	139,622	308,515
Charge for the financial year	-	-	-	150	34,906	35,056
At 31 December 2015	149,010	518	11,909	7,606	174,528	343,571
Charge for the financial period	1,927	-	5,541	4,090	8,774	20,332
At 30 June 2017	150,937	518	17,450	11,696	183,302	363,903
Net carrying amount						
At 31 December 2015	4	2	4	1,350	2	1,362
At 30 June 2017	2,457	2	2,772	26,990	49,719	81,940

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5. INTANGIBLE ASSETS

	Goodwill	Intellectual property	Software license	Development costs	Total
	RM	RM	RM	RM	RM
Group					
Cost					
At 1 January 2015	2,805,415	16,186,364	4,241,442	3,217,660	26,450,881
Additions	-	-	-	4,046,986	4,046,986
Exchange differences	-	2,929,348	-	108,381	3,037,729
At 31 December 2015	2,805,415	19,115,712	4,241,442	7,373,027	33,535,596
Additions	-	89,896	-	-	89,896
Disposal of subsidiaries	-	-	-	(4,881,570)	(4,881,570)
Exchange differences	-	414,126	-	(28,970)	385,156
At 30 June 2017	2,805,415	19,619,734	4,241,442	2,462,487	29,129,079
Accumulated amortisation and impairment losses					
At 1 January 2015	2,805,415	16,186,364	4,241,442	2,374,785	25,608,006
Amortisation (Note 17)	-	-	-	627,852	627,852
Exchange difference	-	2,929,348	-	108,381	3,037,729
At 31 December 2015	2,805,415	19,115,712	4,241,442	3,111,018	29,273,587
Amortisation (Note 17)	-	19,225	-	-	19,225
Impairment loss (Note 17)	-	-	-	4,196,117	4,196,117
Disposal of subsidiaries	-	-	-	(4,881,570)	(4,881,570)
Exchange difference	-	274,666	-	36,921	311,587
At 30 June 2017	2,805,415	19,409,603	4,241,442	2,462,486	28,918,947
Net carrying amount					
At 31 December 2015	-	-	-	4,262,009	4,262,009
At 30 June 2017	-	210,131	-	1	210,132

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5. INTANGIBLE ASSETS (CONT'D)

	Software license RM	Development costs RM	Total RM
Company			
Cost			
At 1 January 2015, 31 December 2015 and 30 June 2017	4,241,442	1,220,650	5,462,092
Accumulated amortisation and *impairment losses*			
At 1 January 2015, 31 December 2015 and 30 June 2017	4,241,442	1,220,650	5,462,092
Net carrying amount			
At 31 December 2015	-	-	-
At 30 June 2017	-	-	-

Intellectual property, software license and development costs

Intellectual property relates to telecommunication software and television programme rights acquired and has an average remaining amortisation period of 4 (31.12.2015: 5) years.

Software license relate to:-

- software license that embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware;

- application software that is being used on a computer that is generally easily replaced and is not an integral part of the related hardware.

5. INTANGIBLE ASSETS (CONT'D)

Amortisation expense

The amortisation of One Krypto development costs are included in "Cost of sales" line item in the statements of profit or loss and other comprehensive income.

Impairment testing of goodwill and software development

The recoverable amounts of the CGU has been determined based on value in use calculations using cash flow projections from financial budget approved by management covering a five-year period.

The pre-tax discount rates applied to the cash flow projections is 10% (31.12.2015: 10%). The forecast growth rates used to extrapolate cash flows beyond the five-year period is 3% (31.12.2015: 3%) per annum.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:-

(i) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

(ii) Growth rates and gross margins

Growth rates and gross margins are based on individual CGU's past trends, recent performance and market or industry developments.

Impairment loss recognised

The carrying amounts of goodwill allocated to (CGU of emerging market of RMNil (31.12.2015: RMNil) was fully impaired during the pervious financial years.

During the financial period, impairment losses were recognised to write-down the carrying amount of development costs pertaining to One-Krypto, Touchgate and Go-Live of MTB Securenet Sdn. Bhd. and Juz Technology Sdn. Bhd. The Group recognised impairment losses of RM4,196,117 (31.12.2015: RMNil) in the statements of profit or loss and other comprehensive income under the line item "Other expenses".

During the previous financial years, impairment losses were recognised to write-down the carrying amount of development costs pertaining to software application, Juzchat. Due to poor initial market response, the development of Juzchat has ceased during the previous financial years. Following this cessation, the Group and the Company recognised impairment losses of RM1,560,718 and RM1,220,650 respectively in the statements of profit or loss and other comprehensive income under the line item "Other expenses".

6. INVESTMENT IN SUBSIDIARIES

	Company 30.6.2017 RM	Company 31.12.2015 RM
Unquoted shares, at costs	16,950,254	13,334,658
Impairment losses	(10,390,538)	(6,774,938)
	6,559,716	6,559,720

(a) Details of the Group's subsidiaries are as follows:-

Name	Country of incorporation	Percentage of ownership interest held by the Group 30.6.2017	31.12.2015	Percentage of ownership interest held by non-controlling interests* 30.6.2017	31.12.2015
Held by the Company:-					
Mobile Touchetek Sdn. Bhd. [a]	Malaysia	100	100	-	-
mTouche International Sdn. Bhd. [a]	Malaysia	100	100	-	-
mTouche Pte. Ltd. [b]	Singapore	100	100	-	-
PT mTouche [b]	Republic of Indonesia	49	49	51	51
mTouche (Thailand) Co. Ltd. [b]	Thailand	99.94	99.94	0.06	0.06
mTouche (HK) Ltd. [b]	Hong Kong	100	100	-	-
mTouche (Vietnam) Co. Ltd. [b]	Vietnam	100	100	-	-
mBit Pte. Ltd. [b]	Singapore	100	100	-	-
mTouche Technology Philippines Inc. [b, c, d]	Philippines	99.99	99.99	0.01	0.01
MTB Securenet Sdn. Bhd. [a]	Malaysia	-	100	-	-
Juz Technology Sdn. Bhd. [a]	Malaysia	-	100	-	-
mTouche Cambodia Co. Ltd. [c e]	Cambodia	100	100	-	-

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the Group's subsidiaries are as follows (cont'd):-

Name	Country of incorporation	Percentage of ownership interest held by the Group		Percentage of ownership interest held by non-controlling interests*	
		30.6.2017	31.12.2015	30.6.2017	31.12.2015
Held through mTouche (Vietnam) Co. Ltd.:-					
Mobile Asia Vietnam Co. Ltd. [b]	Vietnam	100	-	-	-
Held through mTouche Pte. Ltd.:-					
Nastech Ltd. [b]	Hong Kong	100	100	-	-
Held through Nastech Ltd.:-					
Mobile Fusion Pte. Ltd. [b]	Singapore	100	100	-	-

* equals to the proportion of voting rights held
[a] Audited by SJ Grant Thornton, Malaysia
[b] Audited by firms other than SJ Grant Thornton, Malaysia
[c] This subsidiary is dormant and/or do not have significant activities
[d] This subsidiary is in the process of being deregistered
[e] Special audit was carried out by SJ Grant Thornton, Malaysia

The principal activities of the subsidiaries are as stated below.

Name(s)	Principal activities
Mobile Touchetek Sdn. Bhd., mTouche International Sdn. Bhd., and mTouche (Thailand) Co. Ltd.	Provision of mobile applications and related technology services.
mTouche Pte. Ltd. and mBit Pte. Ltd.	Development of software and programming activities and provide maintenance and support service.
PT mTouche	Provider of mobile messaging technology.
mTouche (HK) Ltd.	Provision of mobile messaging content services.
mTouche (Vietnam) Co. Ltd. and Mobile Asia (Vietnam) Co. Ltd.	Provide mobile messaging technologies, billing platforms and interactive media solutions based on wireless and internet technologies.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the Group's subsidiaries are as follows (cont'd):-

The principal activities of the subsidiaries are as stated below (cont'd).

Name(s)	Principal activities
mTouche Technology Philippines Inc.	Engage in the business of handling and managing of computer data, data processing, data storage, systems design and analysis, software package development, programming, data communication, mobile messaging services, microfilming, and related services like contract programming, computer education, consultancy, hardware maintenance.
Nastech Ltd.	Provision of mobile messaging content services, investment holding and trading of e-commerce.
Mobile Fusion Pte. Ltd.	Data communication service and other information service activities.
MTB Securenet Sdn. Bhd. and Juz Technology Sdn. Bhd.	Research and development of existing or new technologies in the field of information technology and mobile application.

(b) Acquisition of a subsidiary

Group

On 10 May 2017, the Group had acquired 100% equity interest in Mobile Asia Vietnam Co. Ltd. ("MAVC") through mTouche (Vietnam) Co. Ltd. ("MVCL") at a total consideration of VND500,000,000 (approximately RM95,577). Upon the acquisition, MAVC became wholly-owned subsidiary of the Group.

MAVC was incorporated in Vietnam on 14 March 2013 under Enterprise Registration Certificate No. 0106123756 issued by Hanoi's Planning and Investment Department and the third amendment dated 10 May 2017 as a private limited company and is principally engaged in providing mobile messaging technologies, billing platforms and interactive media solutions based on wireless and internet technologies.

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6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(b) Acquisition of a subsidiary (cont'd)

Group (cont'd)

The fair values of the identifiable assets and liabilities of MAVC as at the date of acquisition were:-

	Total RM
Fair value recognised on acquisition date	
Assets	
Trade and other receivables and prepayments	284,147
Tax recoverable	2,444
Cash and bank balances	188,064
	474,655
Liabilities	
Trade and other payables	(256,728)
Total identifiable net assets at fair value	217,927
Negative goodwill arising on acquisition	122,350
Purchase consideration transferred	95,577

	Total RM
Cash flows on acquisition	
Net cash acquired from the subsidiary	188,064
Cash paid	(95,577)
Net cash flow on acquisition	92,487

Negative goodwill arising on acquisition of MAVC of RM122,350 has been credited to statement of profit or loss and other comprehensive income during the financial period.

Impact of the acquisition on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary has contributed RM203,906 and RM37,208 to the Group's revenue and loss respectively. If the acquisition had taken place at the beginning of the financial period, the Group's revenue and loss for the financial period from its continuing operations would have been RM628,438 and RM102,779 respectively.

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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Proportion of equity interest held by non-controlling interests

Group

Name	Country of incorporation	30.6.2017	31.12.2015
PT mTouche ("PTMT")	Indonesia	51%	51%

	30.6.2017 RM	31.12.2015 RM
Accumulated balances of material non-controlling interest in PTMT	(1,435,282)	(1,046,530)
Loss allocated to material non-controlling interest in PTMT	(395,930)	(146,814)

Even though the Group has less than 50% of voting rights, the Board of Directors consider that the Group has significant control over PTMT's Board of Directors and commissioner, both of which are representatives of the Group.

The summarised financial information of PTMT is provided below. This information is based on amounts before inter-company eliminations.

	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Summarised statement of profit or loss and other comprehensive income:-		
Revenue	2,840,040	1,238,149
Cost of sales	(1,940,546)	(754,333)
Other income	52,330	249,390
Administrative expenses	(1,445,588)	(786,601)
Other expenses	(268,644)	(241,507)
Loss before tax	(762,408)	(294,902)
Tax (expense)/income	(13,926)	7,030
Loss after tax	(776,334)	(287,872)

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6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(c) Proportion of equity interest held by non-controlling interests (cont'd)

Group (cont'd)

	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Summarised statement of profit or loss and other comprehensive income (cont'd):-		
Other comprehensive income:-		
Item that will not be subsequently reclassified to profit or loss		
Remeasurement (loss)/gain on net defined benefit liability	(5,906)	23,143
Income tax effect	1,476	(5,786)
Other comprehensive (loss)/income for the financial period/year, net of tax	(4,430)	17,357
Total comprehensive loss for the financial period/year, net of tax	(780,764)	(270,515)
Attributable to non-controlling interests	(398,190)	(137,963)

	30.6.2017 RM	31.12.2015 RM
Summarised statement of financial position:-		
Property, plant and equipment (non-current)	52,071	24,069
Deferred tax assets (non-current)	49,292	37,362
Cash and bank balances (current)	654,230	1,413,283
Trade and other receivables (current)	512,030	484,503
Prepayments (current)	59,583	24,622
Trade and payables (current)	(3,803,086)	(3,774,176)
Tax payable (current)	(142,506)	(113,465)
Defined benefit obligations (non-current)	(195,893)	(148,217)
Total equity	(2,814,279)	(2,052,019)
Attributable to:-		
Equity holders of Company	(1,378,997)	(1,005,489)
Non-controlling interest	(1,435,282)	(1,046,530)
	(2,814,279)	(2,052,019)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Proportion of equity interest held by non-controlling interests (cont'd)

Group (cont'd)

Summarised cash flows information:-	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Operating activities	(696,412)	(1,750,408)
Investing activities	(50,269)	(14,190)
Financing activities	23,796	(29,758)
Net decrease in cash and cash equivalents	(722,885)	(1,734,840)

(d) Disposal of subsidiaries

Group

On 31 March 2017, the Company disposed 100% equity interest in MTB Securenet Sdn. Bhd. and Juz Technology Sdn. Bhd. for cash consideration of RM180,000 and RM1 respectively.

The disposal of MTB Securenet Sdn. Bhd. and Juz Technology Sdn. Bhd. gave rise to a gain of RM179,998 and a loss of RM1 respectively in the Company's financial statements.

The effect of the disposal of subsidiaries on the statements of financial position of the Group as at the date of disposal were as follows:-

	MTB Securenet Sdn. Bhd. RM	**Juz Technology Sdn. Bhd.** RM
Property, plant and equipment	349,613	-
Trade and other receivables	9,200	-
Cash and bank balances	1,428	-
Trade and other payables	(6,444,444)	(271,901)
Net liabilities	(6,084,203)	(271,901)
Gain on disposal	6,264,203	271,902
Proceeds from disposal	180,000	1
Less: Cash and bank balances disposed	(1,428)	-
Net cash inflow from disposal	178,572	1

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7. DEFERRED TAX

Deferred income tax relates to the following:-

	As at 1.1.2016 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Exchange differences RM	As at 30.6.2017 RM
Group					
30.6.2017					
Deferred tax assets					
Unabsorbed capital allowance and unutilised tax losses	78,955	39,530	-	(138)	118,347
Deferred tax liabilities					
Withholding tax	(119,000)	119,000	-	-	-
Defined benefit obligations	(19,439)	-	(1,491)	4,713	(16,217)
	(138,439)	119,000	(1,491)	4,713	(16,217)
Total	(59,484)	158,530	(1,491)	4,575	102,130

	As at 1.1.2015 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Exchange differences RM	As at 31.12.2015 RM
31.12.2015					
Deferred tax assets					
Unabsorbed capital allowance and unutilised tax losses	64,356	22,640	-	(8,041)	78,955
Deferred tax liabilities					
Withholding tax	(119,000)	-	-	-	(119,000)
Defined benefit obligations	(16,217)	-	(3,222)	-	(19,439)
	(135,217)	-	(3,222)	-	(138,439)
Total	(70,861)	22,640	(3,222)	(8,041)	(59,484)

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	30.6.2017 RM	31.12.2015 RM	30.6.2017 RM	31.12.2015 RM
Unutilised tax losses	43,541,101	38,138,199	4,849,926	5,702,083
Unabsorbed capital allowances	7,720,944	7,910,578	-	-
	51,262,045	46,048,777	4,849,926	5,702,083

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7. **DEFERRED TAX (CONT'D)**

At the reporting date, the unutilised tax losses and unabsorbed capital allowance that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 in Malaysia and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

8. **TRADE AND OTHER RECEIVABLES**

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	13,227,698	5,677,665	-	-
Less: Allowance for impairment losses	(28,227)	(77,404)	-	-
	13,199,471	5,600,261	-	-
Amounts due from subsidiaries	-	-	29,857,707	29,216,302
Less: Allowance for impairment losses	-	-	(15,427,445)	(15,427,445)
	-	-	14,430,262	13,788,857
	13,199,471	5,600,261	14,430,262	13,788,857
Other receivables				
Amount due from subsidiaries	-	-	4,668,248	7,044,019
Deposits	927,667	671,467	208,025	218,590
GST receivable	4,137	93,599	3,591	169
Sundry receivables	6,395,823	1,843,268	3,695,125	429,464
	7,327,627	2,608,334	8,574,989	7,692,242
Less: Allowance for impairment losses				
- Sundry receivables	(365,561)	-	-	-
- Amount due from subsidiaries	-	-	(1,161,449)	(948,394)
	6,962,066	2,608,334	7,413,540	6,743,848
	20,161,537	8,208,595	21,843,802	20,532,705

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8. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Non-current				
Other receivables				
Amount due from subsidiaries	-	-	16,700,000	19,890,000
Less: Allowance for impairment losses	-	-	(16,700,000)	(19,890,000)
	-	-	-	-
Total trade and other receivables (current and non-current)	20,161,537	8,208,595	21,843,802	20,532,705
Add: Cash and bank balances (Note 10)	1,631,062	3,470,108	10,038	131,947
Total loans and receivables	21,792,599	11,678,703	21,853,840	20,664,652

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (31.12.2015: 30 to 90) days of credit terms. They are recognised at their original invoice amounts which represent this fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:-

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Group				
Neither past due not impaired	9,899,463	3,195,999	-	-
1 to 30 days past due but not impaired	75,596	583,612	-	300,480
31 to 60 days past due but not impaired	35,195	138,430	-	-
61 to 90 days past due but not impaired	3,167,416	64,938	968,950	253,906
91 to 365 days past due but not impaired	-	-	-	-
More than 365 days past due but not impaired	21,801	1,617,282	13,461,312	13,234,471
	3,300,008	2,404,262	14,430,262	13,788,857
Impaired	28,227	77,404	15,427,445	15,427,445
	13,227,698	5,677,665	29,857,707	29,216,302

Company No: 656395 - X

8. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,300,008 (31.12.2015: RM2,404,262) and RM14,430,262 (31.12.2015: RM13,788,857) respectively that are past due at the reporting date but not impaired. Based on historical payments received, the Group and the Company believe that no further impairment allowance is necessary.

The Company's trade receivables amounts that are more than 365 days past due but not impaired represent amounts due from subsidiaries.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group		Company	
	Individually impaired		*Individually impaired*	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Trade receivables - nominal amounts	28,227	77,404	15,427,445	15,427,445
Less: Allowance for impairment losses	(28,227)	(77,404)	(15,427,445)	(15,427,445)
	-	-	-	-

Movement in allowance accounts

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
At 1 January 2016/1 January 2015	77,404	29,447	15,427,445	15,427,445
Charge for the financial period/year (Note 17)	1,276,313	59,441	-	-
Reversal during the financial period/year (Note 17)	(59,032)	(11,484)	-	-
Disposal of subsidiaries	(1,268,605)	-	-	-
Translation difference	2,147	-	-	-
At 30 June 2017/31 December 2015	28,227	77,404	15,427,445	15,427,445

Company No: 656395 - X

8. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group		**Company**	
	Individually impaired		*Individually impaired*	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Current				
Other receivables -nominal amounts	356,561	-	1,161,449	948,394
Less: Allowance for impairment losses	(356,561)	-	(1,161,449)	(948,394)
	-	-	-	-
Non-current				
Other receivables -nominal amounts	-	-	16,700,000	19,890,000
Less: Allowance for impairment losses	-	-	(16,700,000)	(19,890,000)
	-	-	-	-

Company No: 656395 - X

8. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables (cont'd)

Other receivables that are impaired (cont'd)

The Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows (cont'd):-

Movement in allowance accounts:-

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Current				
At 1 January 2016/1 January 2015	-	-	948,394	700,640
Charge for the financial period/year (Note 17)	1,515,561	-	213,055	247,754
Disposal of subsidiaries	(1,150,000)	-	-	-
At 30 June 2017/31 December 2015	365,561	-	1,161,449	948,394
Non-current				
At 1 January 2016/1 January 2015	-	-	19,890,000	19,313,608
Charge for the financial period/year (Note 17)	-	-	-	576,392
Reversal during the financial period/year (Note 17)	-	-	(3,190,000)	-
At 30 June 2017/31 December 2015	-	-	16,700,000	19,890,000

(c) Amounts due from subsidiaries

The amounts categorised under current trade and other receivables are unsecured, non-interest bearing and are repayable on demand.

The amounts categorised under non-current other receivables are non-interest bearing and have no fixed terms of repayment. These amounts are not expected to be repaid within the next twelve months.

Company No: 656395 - X

9. INVENTORIES

	Group	
	30.6.2017	31.12.2015
	RM	RM
One Krypto cards	-	16,381
Others	2,493	2,509
	2,493	18,890

Recognised in profit or loss:-

	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM
Inventories written off	3,277	-
Inventories written down	13,104	-

10. CASH AND BANK BALANCES

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Cash on hand and at banks	1,343,987	3,209,169	6,699	128,623
Short-term deposits with licensed banks	287,075	260,939	3,339	3,324
Cash and bank balances	1,631,062	3,470,108	10,038	131,947

Short-term deposits with licensed banks are made for varying period between 1 and 90 (31.12.2015: 1 and 90) days depending on the immediate cash requirements of the Group and of the Company and earn interests at the respective short-term deposit rates.

The effective interests rates of short-term deposits with licensed banks at the reporting date ranged from 0.01% to 8.00% (31.12.2015: 0.01% to 8.00%) per annum.

The maturities of these deposits at the respective reporting dates ranged from 1 to 90 (31.12.2015: 1 to 90) days.

Company No: 656395 - X

10. CASH AND BANK BALANCES (CONT'D)

For the purpose of the statements of cash flows, cash and cash equivalent comprise the following at the reporting date:-

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Cash and bank balances	1,631,062	3,470,108	10,038	131,947
Deposits with maturity of three months or more	(45,373)	(42,940)	-	-
Cash and cash equivalents	1,585,689	3,427,168	10,038	131,947

The Group's deposit with maturity of three months or more has remaining maturity period of 296 days (31.12.2015: 365 days). The effective interest rate of the deposit is 6.2% (31.12.2015: 7.2%) per annum.

Company No: 656395 - X

11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group and Company					
	Number of ordinary shares		Amount			
	Share capital (Issued and fully paid-up) Unit	Treasury shares Unit	Share capital (Issued and fully paid-up) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2015 and 31 December 2015	231,541,100	(16,070,600)	23,154,110	14,309,432	37,463,542	(5,212,402)
Issuance of share capital pursuant to private placement	23,154,000	-	2,315,400	-	2,315,400	-
Par value reduction	(127,347,550)	-	(12,734,755)	-	(12,734,755)	-
Disposal of treasury shares	-	16,070,600	-	(3,434,655)	(3,434,655)	5,212,402
Transition to no-par value regime on 31 January 2017 (Note 11(b))	-	-	15,069,467	(10,874,777)	4,194,690	-
At 30 June 2017	127,347,550	-	27,804,222	-	27,804,222	-

11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The new ordinary shares issued in current financial period rank pari passu in all respects with the existing ordinary shares of the Company.

On 7 September 2016, the Company had completed the private placement of 23,154,000 units of shares, quoted and listed on the ACE Market of Bursa Malaysia Securities Berhad.

During the financial period, the Company completed the par value reduction exercise pursuant to Section 116(1) of the Companies Act, 2016 in Malaysia to reduce the issued and paid-up ordinary shares in the share capital of the Company via par value reduction on 9 March 2017 and share consolidation on 24 March 2017 which reduced the issued and paid-up share capital of RM12,734,755.

(b) Share premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 618(3) of the Companies Act, 2016 in Malaysia.

The new Companies Act, 2016 in Malaysia ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM10,874,777 for purchase as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company sold 16,070,600 (31.12.2015: Nil) shares in the Company through disposal on the Bursa Malaysia Securities Berhad during the financial period. The total amount received from the sales were RM1,777,747 (31.12.2015: RMNil) and this was presented as a component within shareholders equity.

12. RESERVES

	Warrant reserve RM	Discount on shares RM	Capital redemption reserve RM	Foreign currency translation reserve RM	Other capital reserves RM	Total RM
Group						
At 1 January 2015	9,445,274	(9,445,274)	4,194,690	(1,550,829)	1,464,843	4,108,704
Other comprehensive income:-						
Foreign currency translation	-	-	-	(3,649,897)	-	(3,649,897)
At 31 December 2015	9,445,274	(9,445,274)	4,194,690	(5,200,726)	1,464,843	458,807
Other comprehensive income:-						
Foreign currency translation	-	-	-	689,657	-	689,657
Transaction with owners:-						
Transition to no-par value regime on 31 January 2017	-	-	(4,194,690)	-	-	(4,194,690)
At 30 June 2017	9,445,274	(9,445,274)	-	(4,511,069)	1,464,843	(3,046,226)

	Warrant reserve RM	Discount on shares RM	Capital redemption reserve RM	Total RM
Company				
At 1 January 2015 and 31 December 2015	9,445,274	(9,445,274)	4,194,690	4,194,690
Transaction with owners:-				
Transition to no-par value regime on 31 January 2017	-	-	(4,194,690)	(4,194,690)
At 30 June 2017	9,445,274	(9,445,274)	-	-

12. **RESERVES (CONT'D)**

(a) **Warrant reserve**

(i) Warrant 2010/2020

The warrants which were listed on the ACE market of Bursa Malaysia Securities Berhad on 19 March 2010 were constituted by a Deed poll executed on 25 January 2010. The main features of the warrants are as follows:-

(a) Each warrant entitles the holder to subscribe for 1 new ordinary share of RM0.10 each in the Company at a price of RM0.27 per share by cash;
(b) Pursuant to share consolidation completed on 24 March 2017, the subscription price of the Warrants 2010/2020 was revised from RM0.27 to RM0.54 per share by cash;
(c) The warrants may be exercised at any time on or before 16 March 2020;
(d) The exercise price and the unexercised warrant are subject to adjustments in accordance with the provisions as set out in the Deed Poll; and
(e) Full provisions regarding the transferability of warrants to new ordinary shares, which will thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the exercise price and other terms and conditions pertaining to the warrants are set out in detail in the Deed Poll which is available for inspection at the registered office of the Company.

Pursuant to the share consolidation completed on 24 March 2017, the outstanding warrants remained unexercised at the reporting date amounted to 24,506,000 (31.12.2015: 49,012,000).

(ii) Warrant 2008/2018

The warrants which were listed on the ACE market of Bursa Malaysia Securities Berhad on 28 January 2008 were constituted by a Deed Poll executed on 21 November 2007. The main features of the warrants are as follows:-

(a) Each warrant entitles the holder to subscribe for 1 new ordinary share of RM0.10 each in the Company at a price of RM0.89 per share by cash;
(b) The warrants may be exercised at any time on or before 27 January 2018;
(c) The exercise price and the unexercised warrants are subject to adjustments in accordance with the provisions as set out in the Deed Poll; and
(d) Full provisions regarding the transferability of warrants to new ordinary shares, which will thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the exercise price and other terms and conditions pertaining to the warrants are set out in detail in the Deed Poll which is available for inspection at the registered office of the Company.

12. **RESERVES (CONT'D)**

(a) **Warrant reserve (cont'd)**

(ii) Warrant 2008/2018 (cont'd)

Pursuant to Condition 2 of the Second Schedule (Part III) and the Memorandum to the Deed Poll dated 21 November 2007 ("Deed Poll") constituting the Warrants 2008/2018, the subscription price of the Warrants 2008/2018 was revised downwards from RM0.89 to RM0.63 and the additional 22,584,945 Warrants 2008/2018 was issued pursuant to the Right Issue with New Warrants.

Pursuant to the share consolidation completed on 24 March 2017, the subscription price of the Warrants 2008/2018 was revised from RM0.63 to RM1.26 per share by cash and the outstanding warrants remained unexercised at the reporting date amounted to 33,979,972 (31.12.2015: 67,959,945).

Warrants reserve represents the fair value of the warrants issued at issue date.

(b) **Discount on shares**

The discount on shares is a reserve account that is created to preserve the nominal value of the ordinary shares.

(c) **Capital redemption reserve**

Capital redemption reserve was created for the cancellation of ordinary shares.

The new Companies Act, 2016 in Malaysia ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the capital redemption reserve account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its capital redemption reserve account of RM4,194,690 for purchase as set out in Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(d) **Foreign currency translation reserve**

The foreign currency translation reserve represents exchange difference arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(e) **Other capital reserves**

Other capital reserves comprised the consolidation effects of a change in the Group's equity interest in a subsidiary.

13. ACCUMULATED LOSSES

The Company may distribute dividends out of its entire retained earnings as at 30 June 2017 under the single-tier system as and when it has sufficient amount of retained earnings.

14. DEFINED BENEFIT OBLIGATIONS

Group

The Group has defined benefit obligations arising from two of its subsidiaries, mTouche (Thailand) Co. Ltd ("MCL") and PT mTouche ("PTMT") respectively.

Under labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 to 300 days of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement.

The defined benefits obligations in Indonesia is governed under Indonesia's Labour Law No 13/2003 which required employers to provide a mandatory termination indemnity defined benefit plan to all permanent private sector employees. Upon termination of employment, regardless of the reason, the employer is obliged to provide severance pay and long service pay in a lump sum.

The present value of defined benefit obligation for both plans are as follows:-

	Group	
	30.6.2017	31.12.2015
	RM	RM
Defined benefit obligation plans arising from:-		
MCL ("MCL pension plan")	345,274	191,853
PTMT ("PTMT pension plan")	141,109	93,433
	486,383	285,286

14. DEFINED BENEFIT OBLIGATIONS (CONT'D)

Group (cont'd)

The movements in the present values of the respective defined benefit obligation, which also represents the net liability are as follows:-

	MCL pension plan RM	PTMT pension plan RM	Total RM
Defined benefit obligations at 1 January 2015	86,257	128,699	214,956
Current service cost	74,153	18,900	93,053
Interest cost	4,077	10,312	14,389
Actuarial gains/(losses) recognised in other comprehensive income	12,824	(23,143)	(10,319)
Foreign exchange differences	14,542	(41,335)	(26,793)
Defined benefit obligations at 31 December 2015	191,853	93,433	285,286
Current service cost	140,509	22,785	163,294
Interest cost	12,385	13,018	25,403
Actuarial (losses)/gains recognised in other comprehensive income	(14,837)	5,906	(8,931)
Foreign exchange differences	15,364	5,967	21,331
Defined benefit obligations at 30 June 2017	345,274	141,109	486,383

The amounts recognised in profit and loss, in the administrative expenses line in the statements of profit or loss and other comprehensive income, are as follows:-

	30.6.2017 RM	31.12.2015 RM
Current service cost	163,294	93,053
Interest cost	25,403	14,389
	188,697	107,442

14. DEFINED BENEFIT OBLIGATIONS (CONT'D)

Group (cont'd)

Principal actuarial assumptions used as follows:-

	30.6.2017 %	31.12.2015 %
MCL pension plan		
Discount rate	3.5	3.7
Inflation rate	2.5	3.0
Expected rate of salary increases:-		
- prior to age 30	12.0	12.0
- age 30 onward	8.0	8.0
PTMT pension plan		
Discount rate	9.0	9.0
Expected rate of salary increases	6.0	6.0

A one percentage point change in the assumed discount rate would have the following effects:-

	Increase RM	Decrease RM
30.6.2017		
Effect on the defined benefit obligations		
- MCL pension plan	7,442	(7,908)
- PTMT pension plan	447	(7,026)

	Increase RM	Decrease RM
31.12.2015		
Effect on the defined benefit obligations		
- MCL pension plan	(9,565)	(16,467)
- PTMT pension plan	131,297	124,395

14. DEFINED BENEFIT OBLIGATIONS (CONT'D)

Group (cont'd)

The actuarial valuation of MCL pension plan was conducted by an independent valuer on 9 August 2017 (31.12.2015: 16 January 2013) for the financial period 30 June 2017 and financial year 31 December 2015.

The actuarial valuation of PTMT pension plan was conducted by an independent valuer on 8 February 2017 (31.12.2015: 25 January 2016) for the financial period 30 June 2017 and financial year 31 December 2015.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	3,481,886	2,685,163	-	100,015
Trade accruals	817,382	1,194,946	-	-
	4,299,268	3,880,109	-	100,015
Other payables				
Amount due to subsidiaries	-	-	11,124,686	13,839,785
Accruals	6,420,543	6,372,466	486,040	481,625
GST payable	15,955	31,168	-	-
Sundry payables	651,411	1,805,104	671,264	1,149,864
Amount due to a Director	-	270,671	-	-
	7,087,909	8,479,409	12,281,990	15,471,274
Total trade and other payables	11,387,177	12,359,518	12,281,990	15,571,289
Total financial liabilities carried at amortised cost	11,387,177	12,359,518	12,281,990	15,571,289

15. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

These amounts are unsecured and non-interest bearing. Trade payables are normally settled on 60 to 90 (31.12.2015: 60 to 90) days of credit term.

(b) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

(c) Amount due to a Director

This amount is unsecured, non-interest bearing and is repayable on demand.

16. REVENUE

	Group		Company	
	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Rendering of services	36,767,481	21,477,533	-	-
Licensing fees from subsidiaries	-	-	2,064,257	1,394,237
Management fees from subsidiaries	-	-	693,334	547,972
	36,767,481	21,477,533	2,757,591	1,942,209

17. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Amortisation of intangible assets (Note 5)	19,225	627,852	-	-
Depreciation of property, plant and equipment (Note 4)	1,114,006	675,261	20,332	35,056
Impairment losses on investment in subsidiaries (Note 6)	-	-	3,615,600	-
Foreign exchange losses/(gains):-				
- realised	7,503	90,552	(42,072)	(100,342)
- unrealised	(444,679)	(3,861,598)	-	8,418
Impairment losses on financial assets				
- trade receivables:- (Note 8(a))	1,276,313	59,441	-	-
- other receivables (Note 8(b))	1,515,561	-	213,055	824,146
Impairment losses on intangible assets (Note 5)	4,196,117	-	-	-
Operating lease:-				
- minimum lease payments for office space	1,896,943	1,231,666	50,583	17,990
- minimum lease payments for equipment	9,566	3,360	-	-
Deposit written off	-	4,800	-	-
Property, plant and equipment written off	-	4,643	-	4,643
Trade receivables written off	-	48,981	-	-
Inventories written off	3,277	-	-	-
Inventories written down	13,104	-	-	-
Loss on disposal of property, plant and equipment	-	16,784	-	-

17. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(loss) before tax has been determined after charging/(crediting), amongst others, the following items (cont'd):-

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Reversal of impairment loss on financial assets:-				
- Trade receivables (Note 8(a))	(59,032)	(11,484)	-	-
- Other receivables (Note 8(b))	-	-	(3,190,000)	-
Interest income on placement on deposits	(36,652)	(74,503)	(15)	(2,957)
Interest expense on obligation under finance lease	-	3,706	-	3,706
Gain on disposal of subsidiaries (Note 6(d))	(6,536,105)	-	(179,997)	-
Negative goodwill on acquisition of a subsidiary (Note 6(a))	(122,350)	-	-	-

18. TAX EXPENSE

Major components of tax expense

The major components of tax expense for the financial period ended 30 June 2017 and financial year ended 31 December 2015 are as follows:-

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Statements of profit or loss:-				
Current tax				
- Foreign tax	2,336,614	189,973	384,974	214,848
- Under provision in respect of previous year				
- Foreign tax	-	411,071	-	-
	2,336,614	601,044	384,974	214,848
Deferred tax (Note 7)				
- Origination and reversal of temporary differences	(158,530)	(22,640)	-	-
Income tax expense recognised in profit or loss	2,178,084	578,404	384,974	214,848
Other comprehensive income ("OCI"):-				
Deferred tax related to item recognised in OCI during the financial year:-				
Net gain on actuarial, representing income tax charged to OCI	1,491	3,222	-	-

18. TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 30 June 2017 and financial year ended 31 December 2015 are as follows:-

	Group		Company	
	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Profit/(loss) before tax	2,839,972	(719,561)	827,088	(2,966,833)
Tax at Malaysia statutory tax rate of 24% (1.1.2015 to 31.12.2015: 25%)	681,593	(179,890)	198,501	(741,708)
Tax effects in respect of:-				
Different tax rates in other countries	(175,374)	(105,182)	-	-
Expenses not deductible for tax purposes	1,794,164	573,961	1,209,888	337,466
Income not subject to tax	(1,373,483)	(1,169,962)	(818,897)	-
Utilisation of capital allowances and tax losses previously not recognised	(341,035)	(313,908)	(204,518)	-
Deferred tax assets not recognised	1,592,219	1,362,314	-	619,090
Under provision of income tax in respect of previous financial year	-	411,071	-	-
Income tax expense recognised in profit or loss	2,178,084	578,404	384,974	214,848

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (1.1.2015 to 31.12.2015: 25%) of the estimated assessable profit for the financial period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

18. TAX EXPENSE (CONT'D)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

	Group	
	30.6.2017	31.12.2015
	RM	RM
Tax saving during the financial period/year arising from:-		
Utilisation of capital allowances and tax losses previously not recognised	341,035	313,908

19. BASIC/DILUTED EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share are calculated by dividing the profits/(losses) for the financial period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period, excluding treasures shares held by the Company.

The following information reflects the profit and share data used in the computation of basic earnings/(losses) per share for the financial period ended 30 June 2017 and financial year ended 31 December 2015:-

	Group	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM
Profits/(Losses), net of tax attributable to owners of the Company used in the computation of basic earnings/(losses) per share	941,155	(1,151,151)
Weighted average number of ordinary shares for basic earnings/(losses) per share computation*	221,321,012	215,470,500
Basic earnings/(losses) per share for the financial period/year (sen per share)	0.43	(0.53)

*The weighted average number of shares takes into account the weighted average effect of changes in share consolidation and treasury shares transactions.

The outstanding warrants have been excluded from the computation of fully diluted losses per share as the exercise of warrant to ordinary shares would be antidilutive and as such, the diluted losses per share is the same amount as the basic losses per share.

There have been no other transactions involving ordinary shares on potential dilution of ordinary shares since the reporting date and before the completion of these financial statements.

20. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Wages and salaries	7,942,356	7,395,221	1,105,941	2,715,238
Contribution to defined contribution plan	505,157	556,945	129,858	316,853
Social security contributions	78,606	81,043	6,602	14,804
Short term accumulating compensated absences	(53,491)	(4,643)	(53,491)	(4,643)
Increase in liability for defined benefits obligation (Note 14)	188,697	107,442	-	-
Other benefits	123,485	269,030	21,036	132,567
	8,784,810	8,405,038	1,209,946	3,174,819

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM473,349 (31.12.2015: RM427,000) and RM428,146 (31.12.2015: RM367,000) respectively as further disclosed in Note 21 to the Financial Statements.

21. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Group and of the Company during the financial period/year are as follows:-

	Group		Company	
	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 30.6.2017 RM	1.1.2015 to 31.12.2015 RM
Executive Directors:-				
Salaries and other emoluments	447,839	384,000	402,636	324,000
Contributions to defined contribution plan	24,306	41,760	24,306	41,760
Social security contributions	1,204	1,240	1,204	1,240
Total Executive Directors' remuneration (Note 20)	473,349	427,000	428,146	367,000

21. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by Directors of the Group and of the Company during the financial period/year are as follows (cont'd):-

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Non-executive Directors:-				
Fees, representing total Non-executive Directors' remuneration	193,500	126,000	193,500	126,000
Total Directors' remuneration	666,849	553,000	621,646	493,000

The number of Directors of the Company whose total remuneration during the financial period fell within the following bands is analysed as below:-

	Number of Directors	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM
Executive Directors:-		
RM50,001 - RM100,000	1[a]	-
RM100,001 - RM150,000	1	-
RM150,001 – RM200,000	-	2
RM200,001 - RM250,000	1	-
Non-executive Directors:-		
Less than RM50,001	4[b]	4[c]
RM50,001 - RM100,000	1	-

[a] Executive Director who has resigned during the financial period.

[b] Includes two Non-executive Directors who have resigned during the financial period.

[c] Includes one Non-executive Director who has resigned during the previous financial year.

22. RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period/year:-

	Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM
Licensing fees receivable from subsidiaries*	(2,064,257)	(1,394,237)
Management fees receivable from subsidiaries*	(693,334)	(547,972)

* The licensing and management fees are charged to subsidiaries at an escalating rate depending on the revenue achieved by the respective subsidiaries during the financial period/year.

(b) Compensation of key management personnel

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Short-term employee benefits	642,543	1,239,886	597,340	1,062,000
Defined contribution plan	24,306	109,620	24,306	109,620
	666,849	1,349,506	621,646	1,171,620

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling of the Group and the Company either directly or indirectly.

Included in the total key management personnel are Directors' Remuneration as disclosed in Note 21 to the Financial Statements.

23. COMMITMENTS

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases on office premises, with lease term of 2 (31.12.2015: 2) years respectively.

Minimum lease payment recognised in the Group's and the Company's profit or loss for the financial period amounted to RM1,906,509 (31.12.2015: RM1,235,026) and RM50,583 (31.12.2015: RM17,990) respectively.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:-

	Group		Company	
	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015	1.1.2016 to 30.6.2017	1.1.2015 to 31.12.2015
	RM	RM	RM	RM
Not later than 1 year	456,587	1,028,163	-	33,270
Later than 1 year but not later than 5 years	760,585	476,484	-	16,635
	2,217,172	1,504,647	-	49,905

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note
Trade and other receivables (current and non-current)	8
Cash and bank balances (current)	10
Trade and other payables (current and non-current)	15

It is not practical to determine the fair values of balances with related parties due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Board of Directors do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The carrying amounts of other financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date except as indicated in their respective notes.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director. The audit committee provides independent oversight to the effectiveness of the risks management process.

It is, and has been throughout the current financial period and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. Deposits with banks are placed with reputable licensed financial institution with high credit rating.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In additions, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is presented by the carrying amount of each class of financial assets recognised in the statements of financial position.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	Group			
	30.6.2017		31.12.2015	
	RM	% of total	RM	% of total
By market				
Matured markets	12,689,744	96%	4,812,430	86%
Emerging markets	509,727	4%	787,831	14%
	13,199,471	100%	5,600,261	100%

Information regarding matured markets and emerging markets is disclosed in Note 27 to the Financial Statements.

At the reporting date, revenue markets from 8 (31.12.2015: 8) major customers amounted to RM28,911,903 (31.12.2015: RM18,041,128) were from sales in the matured markets segments.

Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired is disclosed in Note 8 to the Financial Statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 to the Financial Statements.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, the Group's and the Company's financial liabilities will mature in less than one year based on carrying amounts reflected in the financial statements except for defined benefit obligations which will mature in over 5 years. Further details are disclosed in Note 14 to the Financial Statements.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing financial assets, except for short term deposits with licensed banks as disclosed in Note 10 to the Financial Statements. The Group's interest-bearing financial assets are mainly short term in-nature.

As at reporting date, the Group and the Company have no interest-bearing financial liabilities.

(d) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in various foreign currencies, primarily Thai Baht ("THB"), Indonesian Rupiah ("IDR"), Vietnamese Dong ("VND"), Singapore Dollar ("SGD"), the United States Dollar ("USD") and Hong Kong Dollar ("HKD").

Approximately 94% (31.12.2015: 77%) of the Group's sales are denominated in foreign currencies whilst almost 77% (31.12.2015: 75%) of costs of sales are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amounted to RM1,563,098 (31.12.2015: RM3,179,749).

The Group and the Company are also exposed to currency translation risk arising from its net investment in foreign operation in Singapore, Thailand, Philippines, Indonesia, Vietnam, Hong Kong and Cambodia. The investment is not hedged as currency positions in SGD, THB, Philippines Peso ("PHP"), IDR, VND, HKD and USD are considered to be long-term in-nature.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

Sensitivity for foreign currency risk

The following tables demonstrate the sensitivity of the Group's and of the Company's loss, net of tax to a reasonably possible change in the following foreign currencies:-

	Group	
	30.6.2017	31.12.2015
	RM	RM
	Loss, net of tax	Loss, net of tax
RM/SGD – strengthened 1% (31.12.2015: 14%)	(13,000)	(43,000)
RM/THB – strengthened 1% (31.12.2015: 12%)	(21,000)	(45,000)
RM/HKD – strengthened 1% (31.12.2015: 22%)	(3,000)	7,000
RM/VND – strengthened 1% (31.12.2015: 17%)	(1,000)	(15,000)
RM/IDR – strengthened 1% (31.12.2015: 11%)	(11,000)	155,000
RM/USD – strengthened 1% (31.12.2015: 22%)	(1,000)	(532,000)
RM/EUR – strengthened 1% (31.12.2015: 11%)	-	(3,000)
RM/PHP – strengthened 1% (31.12.2015: 17%)	(1,000)	(18,000)

The weakening of the currencies at a similar rate above will result in an equal but opposite effect to the Group's loss, net of tax.

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 30 June 2017 and financial year ended 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at manageable level. The Group includes within net debts, trade and other payables, less cash and bank balances.

26. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Trade and other payables (Note 15)	11,387,177	12,359,518	12,281,990	15,571,289
Less: Cash and bank balances (Note 10)	(1,631,062)	(3,470,108)	(10,038)	(131,947)
Net debt	9,756,115	8,889,410	12,271,952	15,439,342
Equity attributable to the owners of the Company, representing total capital	12,451,723	6,720,324	16,565,717	12,303,456
Total capital and net debt	22,207,838	15,609,734	28,837,669	27,742,798
Gearing ratio	44%	57%	43%	56%

27. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical segments, and has two reportable operating segments as follows:-

(i) Matured markets – countries that have saturated markets which include Malaysia, Hong Kong, Thailand and Singapore.

(ii) Emerging markets – countries with potential growth and low penetration rate which include Indonesia, Vietnam, Cambodia and Philippines.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) is managed on a Group basis and is not allocated to operating segments.

Transfer prices between operating segments are at negotiated terms agreed between the parties during the financial period/year.

27. SEGMENT INFORMATION (CONT'D)

	Matured markets RM	Emerging markets RM	Eliminations RM	Notes	Per consolidated financial statements RM
Group					
1.1.2016 to 30.6.2017					
Revenue					
External customers	31,538,255	5,229,226	-		36,767,481
Inter-segment	2,840,670	476,508	(3,317,178)	A	-
Total revenue	34,378,925	5,705,734	(3,317,178)		36,767,481
Results					
Interest income	(18)	(36,634)	-		(36,652)
Depreciation and amortisation	935,733	197,498	-		1,133,231
Other non-cash expenses/(income)	33,513	(56,041)	-	B	(22,528)
Tax expense	2,283,158	13,926	(119,000)		2,178,084
Segment (loss)/profit	(2,693,603)	(1,524,573)	7,058,148	C	2,839,972
30.6.2017					
Assets					
Additions to property, plant and equipment	240,108	146,372	-		386,480
Tax recoverable	441,333	20,592	-		461,925
Deferred tax assets	69,055	49,292	-		118,347
Segment assets	65,694,289	2,603,991	(44,182,104)	D	24,116,176
Segment liabilities	82,691,022	7,133,722	(76,730,425)	E	13,094,319
1.1.2015 to 31.12.2015					
Revenue					
External customers	18,536,758	2,940,775	-		21,477,533
Inter-segment	9,992,781	513,594	(10,506,375)	A	-
Total revenue	28,529,539	3,454,369	(10,506,375)		21,477,533
Results					
Interest income	(2,969)	(71,534)	-		(74,503)
Interest expense	3,706	-	-		3,706
Depreciation and amortisation	1,221,399	81,714	-		1,303,113
Other non-cash expenses/(income)	(2,527,685)	(201,437)	(906,512)	B	(3,635,634)
Tax expense	585,434	(7,030)	-		578,404
Segment loss	(1,847,522)	(684,136)	1,812,097	C	(719,561)
31.12.2015					
Assets					
Additions to property, plant and equipment	1,430,604	31,434	-		1,462,038
Tax recoverable	639,224	-	-		639,224
Deferred tax assets	41,593	37,362	-		78,955
Segment assets	32,876,909	3,450,763	(17,592,559)	D	18,735,113
Segment liabilities	58,103,294	7,150,525	(52,208,050)	E	13,045,769

27. SEGMENT INFORMATION (CONT'D)

Notes: Natures of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:-

	Notes	Group 1.1.2016 to 30.6.2017 RM	Group 1.1.2015 to 31.12.2015 RM
Deposit written off		-	4,800
Impairment losses on intangible assets	5	4,196,177	-
Impairment losses on financial assets	8	2,791,874	59,441
Trade receivables written off		-	48,981
Inventories written off	9	3,277	-
Inventories written down	9	13,104	-
Negative goodwill on acquisition of a subsidiary	6(b)	(122,350)	-
Gain on disposal of subsidiaries	6(d)	(6,536,105)	-
Property, plant and equipment written off	4	-	4,643
Unrealised foreign exchange gain	17	(444,679)	(3,861,598)
Short term accumulating compensated absences	20	(53,491)	(4,643)
Increase in liability for defined benefits obligation	14	188,697	107,442
Loss on disposal of property, plant and equipment	17	-	16,784
Reversal of impairment loss on financial asset	8	(59,032)	(11,484)
		(22,528)	(3,635,634)

C Inter-segment revenues and expenses amounting to RM7,058,148 (31.12.2015: RM1,812,097) were deducted from segment loss to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

D Inter-segment assets amounting to RM44,182,104 (31.12.2015: RM17,592,559) were deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

E Inter-segment liabilities amounting to RM76,730,425 (31.12.2015: RM52,208,050) were deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	Group Revenue 1.1.2016 to 30.6.2017 RM	Group Revenue 1.1.2015 to 31.12.2015 RM	Group Non-current assets 30.6.2017 RM	Group Non-current assets 31.12.2015 RM
Matured markets	31,538,255	18,536,758	902,525	5,965,089
Emerging markets	5,229,226	2,940,775	95,342	146,292
	36,767,481	21,477,533	997,867	6,111,381

27. SEGMENT INFORMATION (CONT'D)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	Group	
	30.6.2017	31.12.2015
	RM	RM
Property, plant and equipment	787,735	1,849,372
Intangible assets	210,132	4,262,009
	997,867	6,111,381

Information about major customer

Information about major customer is disclosed in Note 25(a) to the Financial Statements.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

(i) Updates on the legal proceedings against Pearl Legend International Limited ("PLIL"), Goh Eugene and Tan Wee Meng by mTouche Technology Berhad ("the Company") and its wholly-owned subsidiary, Mobile Touchetek Sdn. Bhd. ("MTSB")

During the case management held on 27 January 2016, the Company's solicitors updated the Judge that the High Court Order dated 28 October 2015 for substituted service has been fully complied with and PLIL has failed to enter appearance within the specified time limit.

During a case management held on 14 March 2016, the Judge was informed that the PLIL, Goh Eugene and Tan Wee Meng ("the Defendants") would be inspecting the Company's monthly billing reports and there might be further documents to be filed for the purposes of trial. On that basis, the Judge had fixed another case management on 28 March 2016 and directed all parties to file any supplementary bundle of document on or before the case management.

During the case management held on 28 March 2016, the Judge was informed that the inspection of the monthly billing reports for the shortcode would be done on 29 March 2016. Parties were required to file the supplementary bundles of documents (if necessary) before the trial starts. The Judge was also informed that there were on-going negotiations for settlements. On Parties request, the Judge vacated the trial dates and fixed case management on 11 April 2016. If the parties failed to reach a settlement, the trial would take place on 5 May 2016 at 9.00 a.m.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(i) Updates on the legal proceedings against Pearl Legend International Limited ("PLIL"), Goh Eugene and Tan Wee Meng by mTouche Technology Berhad ("the Company") and its wholly-owned subsidiary, Mobile Touchetek Sdn. Bhd. ("MTSB") (cont'd)

During the financial period , the Company's solicitors, has obtained the following judgement from the Kuala Lumpur High Court:-

1. Against PLIL, amongst other terms:-
   a. The termination of the Agreement dated 2 January 2009; and
   b. Restitution of RM6.3 million.

2. By consent and without admission to liability, against Goh Eugene (Second Defendant) and Tan Wee Meng (Third Defendant), amongst other terms:-
   a. RM1.7 million in 10 monthly instalments by way of 10 post-dated cheques which must be cleared on or before the 28th day of each month beginning from 28 May 2016 until 28 February 2017; and
   b. Any default by the Second and Third Defendant will render the full RM1.7 million less any sums which has already been paid to be payable immediately.

As far as the Company is concerned, this ends the material litigation subject to the Defendants complying with the terms of the judgment. As at the reporting date, the RM1.7million of 10 post-dated cheques were cleared and proceeds were received.

(ii) Private placement of new ordinary shares

On 7 September 2016, the Company had completed the private placement following the listing of and quotation for 23,154,000 units of Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad. The Company had raised a total of RM2.32 million from the private placement.

(iii) Corporate exercises

On 5 December 2016, the Company proposed to undertake the following:-

(a) proposed par value reduction via the cancellation of RM0.05 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");

(b) proposed consolidation of every two (2) ordinary shares of RM0.05 each (after the Proposed Par Value Reduction) in the Company into one (1) ordinary share of RM0.10 each ("Proposed Share Consolidation");

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(iii) Corporate exercises (cont'd)

On 5 December 2016, the Company proposed to undertake the following (cont'd):-

(c) proposed renounceable rights issue of up to 557,500,566 new ordinary shares of RM0.10 each in the Company ("Rights Shares") together with up to 278,750,283 free detachable warrants in mTouche ("Warrants C") (after the Proposed Share Consolidation) on the basis of six (6) Rights Shares together with three (3) free Warrants C for every two (2) existing Shares held by the entitled shareholders on an entitlement date to be determined ("Entitled Shareholders") ("Rights Entitlement Date") ("Proposed Rights Issue with Warrants");

(d) proposed establishment of an employees' share option scheme ("ESOS" or the "Scheme") involving up to 30% of the issued and paid-up share capital of the Company for the eligible Directors and employees of the Company and its subsidiaries ("mTouche Group" or the "Group") ("Proposed ESOS");

(e) proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 Shares to RM300,000,000 comprising 3,000,000,000 shares ("Proposed Increase in Authorised Share Capital"); and

(f) proposed amendment to the Memorandum of Association of the Company ("Proposed Amendment").

On 6 December 2016, the application in respect of the above Corporate Exercises had been submitted to Bursa Malaysia Securities Berhad.

On 28 December 2016, Bursa Malaysia Securities Berhad had, vide its letter dated 28 December 2016, approved the above Corporate Exercises.

On 23 January 2017, the above Corporate Exercises were approved by the shareholders during the Extraordinary General Meeting.

On 6 March 2017, the High Court had granted an order confirming the Par Value Reduction ("Court Order").

On 9 March 2017, the sealed Court Order dated 6 March 2017 has been lodged with the Registrar of Companies. Accordingly, the Par Value Reduction has become effective.

On 24 March 2017, the Share Consolidation had been completed.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(iii) Corporate exercises (cont'd)

Pursuant to the Share Consolidation, the Company had on 24 March 2017 adjusted 127,347,550 ordinary shares of the Company ("Consolidated Shares") to the Shareholders, adjusted number of 33,979,972 Warrants A ("Consolidated Warrants A") to the holders of outstanding Warrants A and adjusted number of 24,506,000 Warrants B ("Consolidated Warrants B") to the holders of outstanding Warrants B.

On 28 August 2017, the Company had resolved to fix the issue price of the Rights Shares at RM0.20 per Rights Share as well as the Exercise Price at RM0.20 per Warrant C.

On 29 August 2017, the Company had announced that the entitlement date for the Rights Issue with Warrants has been fixed at 14 September 2017, 5.00 p.m.

On 8 September 2017, the Company had announced that the Company has decided to extend amongst others, the entitlement date for the Rights Issue with Warrants from 14 September 2017, 5.00 p.m. to 3 October 2017, 5.00 p.m.

(iv) Memorandum of Understanding between mTouche (Thailand) Company Limited ("MCL") and G.I.S. Park (Thailand) Company Limited ("GIS")

On 10 April 2017, MCL has entered into a Memorandum of Understanding ("MOU") with G.I.S., to invite MCL to be the Solution and Technology Partner of G.I.S. to jointly develop, build, install and operate the SMART4 Public Phone & Wi-Fi Hub Terminal for TOT Public Company Limited, the Thailand stated-owned Telecommunications Company.

The MOU will not have any material effect on the earnings for the current financial period.

(v) Master collaboration partnership agreement with Advanced Platform Sdn. Bhd.

On 19 July 2017, the Company entered into a Master Collaboration Partnership Agreement ("Agreement") with Advanced Platform Sdn. Bhd. ("APSB") to collaborate with APSB on joint development and marketing of the Digital Media and Infotainment Platform, and to obtain the exclusive rights to market and commercialise the new developed platform for the market in Southeast Asia (the "Licensed Territory") as per the terms and conditions of the Agreement. The Licensed Territory shall include Malaysia, Thailand, Indonesia, Singapore, Vietnam, Cambodia, Philippines, Myanmar, Laos and Hong Kong.

APSB will collaborate exclusively with the Company to jointly develop and market the proprietary and innovative Digital Media and Infotainment Platform for IT and mobile channel and grant the license to the Company to incorporate and integrate the CompuRex Dash® advance technology, secured database solution, Artificial Intelligence data analytic tools and other CompuRex Dash® series of solutions into the Platform in the relevant categories as defined in the said Agreement.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(v) Master collaboration partnership agreement with Advanced Platform Sdn. Bhd. (cont'd)

The term of the Agreement will begin on the date of the signing of this Agreement for a period of five (5) years and shall be automatically extended on a yearly basis from the date of the expiry of the effective date of this Agreement and will continue through the end of the royalty term as defined in the Agreement, unless terminated earlier.

The Company and APSB may terminate this Agreement at any time upon Sixty (60) days written notice, in whole or in part, by mutual written agreement executed by both parties.

The agreement will not have any material effect on the earnings for the current financial period.

(vi) Master collaboration partnership agreement with Octa Gravity Company Limited

On 2 August 2017, the Company entered into a Master Collaboration Partnership Agreement ("Agreement") with Octa Gravity Company Limited ("Octa") to collaborate with Octa on joint development and marketing of the Digital Media and Infotainment Platform with the enhancement of OCTABrain technology, and to obtain the exclusive rights to market and commercialise the new developed Platform driven by OCTABrain for the market in Southeast Asia (the "Licensed Territory") as per the terms and conditions of the Agreement. The Licensed Territory shall include Malaysia, Thailand, Indonesia, Singapore, Vietnam, Cambodia, Philippines, Myanmar, Laos and Hong Kong.

Octa will collaborate exclusively with the Company to jointly develop and market the proprietary and innovative Digital Media and Infotainment Platform which will be driven by the OCTABrain for IT and mobile channel and grant the license to mTouche to incorporate and integrate the OCTABrain advance technology, secured database solution, data analytic tools and any other related solutions into the platform in the entertainment-related mobile platform with multi-layer social networking, chat, live video streaming and broadcasting, secured mobile payment with virtual currency, advance digital marketing tools for business and commercial development and an open application programming interface which allows third party content providers, developers and programmers to integrate their mobile applications to the Digital Media and Infotainment Platform that is driven by OCTABrain over the cluster data analytic engine which give another level of user behavior analysis and prediction which will be helping future business and commercial development.

The term of the Agreement will begin on the date of the signing of this Agreement for a period of five (5) years and shall be automatically extended on a yearly basis from the date of the expiry of the effective date of this Agreement and will continue through the end of the royalty term as defined in the Agreement, unless terminated earlier.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(vi) Master collaboration partnership agreement with Octa Gravity Company Limited (cont'd)

The Company and Octa may terminate this Agreement at any time upon sixty (60) days written notice, in whole or in part, by mutual written agreement executed by both parties.

On 7 August 2017, additional information on the Agreement was provided that a quantum to be paid for the grant of license by Octa to the Company and also revenue share on all the services jointly developed and marketed using OCTABrain technology.

The quantum and the percentage of revenue share will be further negotiated and finalised during the pre-commercialisation stage based on the actual pre-commercialisation response against the feasibility studies conducted based on the 5 years' projection.

The agreement will not have any material effect on the earrings for the current financial period.

(vii) Conditional agreement for SPNB Digital Platform with MNC Wireless Berhad

On 28 August 2017, the Company entered into a Conditional Agreement for SPNB Digital Platform ("Agreement") with MNC Wireless Berhad ("MNC Wireless") to collaborate with MNC Wireless on joint development and marketing of the inclusive SPNB Digital Platform with mobile application, website technology, platform, digital display and broadcasting solution and an integrated payment gateway solutions for SPNB Dana Sdn. Bhd. ("SPNB Dana") to be driven by the Company's Digital Media and Infotainment (DMI) Platform core engine, and to obtain the exclusive rights to market and commercialise the nwe developed SPNB Digital Platform for the market in Malaysia as per the terms and conditions of the Agreement.

MNC wireless will collaborate exclusively with the Company to jointly develop and market the inclusive SPNB Digital Platform for individual buyer of housing project under SPNB, with SPNB and/or SPNB and, the Company further grant the license to MNC wireless to incorporate and integrate the DMI Platform technology, secured database solution, Artificial Intelligence date analytic tools, other solution into the SPNB Digital Platform in the relevant categories as defaced in the Agreement.

The terms of the Agreement will begin on the date of the signing of this Agreement for a period of three (3) years and shall be automatically extended on a yearly basis from the date of the expiry of the effective date of this Agreement and will continue through the end of the royalty term as defined in the Agreement, unless terminated earlier.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(vii) Conditional agreement for SPNB Digital Platform with MNC Wireless Berhad (cont'd)

The Company and MNC Wireless may terminate this Agreement at any time upon sixty (60) days written notice, in whole or in part, by mutual written notice, in whole or in part, by mutual written agreement executed by both parties if MNC Wireless failed to secure a definitive agreement or decided not to enter into any definitive or contractual agreement with SPNB Dana.

The agreement will have not have any material effect on the earnings for the current financial period.

MTOUCHE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

SUPPLEMENTARY INFORMATION ON DISCLOSURE OF REALISED AND UNREALISED ACCUMULATED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 30 June 2017 into realised and unrealised (losses)/profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	30.6.2017	31.12.2015	30.6.2017	31.12.2015
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiary companies				
- Realised	(65,473,780)	(76,297,602)	(11,238,505)	(24,423,792)
- Unrealised	546,809	3,802,114	-	8,418
	(64,926,971)	(72,495,488)	(11,238,505)	(24,415,374)
Less: Consolidated adjustments	52,620,698	46,505,865	-	-
Total accumulated losses as per financial statements	(12,306,273)	(25,989,623)	(11,238,505)	(24,415,374)

The determination of realised and unrealised (losses)/profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

mTouche®

Date: 19 SEP 2017

To: The Entitled Shareholders of mTouche Technology Berhad ("mTouche" or the "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of mTouche ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 30 June 2017 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group;

(v) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group;

(vi) there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(vii) as disclosed above and up to the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully
For and behalf of the Board of
MTOUCHE TECHNOLOGY BERHAD

TANG BOON KOON
Executive Director

mTouche Technology Bhd (656395-X)
Suite 39-06 Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia. Office: (03) 2166 0018 Fax: (03) 2166 1028. URL: www.mtouche.com

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants C and new Shares to be issued pursuant to the exercise of the Warrants C, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in the Company, namely ordinary shares of the Company, all of which rank equally with one another.

(iii) As at the LPD, save as disclosed below and the Rights Shares and Warrants C, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option:-

(a) 33,979,972 outstanding Warrants A carrying the right to subscribe for one (1) new Share at an exercise price of RM1.26 per Warrant A;

(b) 24,506,000 outstanding Warrants B carrying the right to subscribe for one (1) new Share at an exercise price of RM0.54 per Warrant B; and

(c) under the ESOS, the Company may grant the Options to subscribe for new Shares up to but not exceeding 30% of the Company's total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the five (5) years of the ESOS. The ESOS will be implemented after completion of the Rights Issue with Warrants.

2. DIRECTORS' REMUNERATION

An extract of the provision in the Company's Articles of Association in relation to the remuneration of its Directors are as follows:-

Article 86 – Directors' Remuneration

Remuneration of Directors shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determined. Provided always that:-

(a) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) Salaries payable to executive directors may not include a commission on or percentage of turnover;

(c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and

(d) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

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3. MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are material to the Group (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the two (2) years preceding the date of this Abridged Prospectus:-

(i) The share sale agreement dated 31 March 2017 entered into between the Company (as vendor), and Nelson Chui Chee Chung and Shawn Edgar Liew (as purchasers) in relation to the disposal of its entire equity interest in MTB Securenet Sdn Bhd and Juz Technology Sdn Bhd for a total cash consideration of RM180,001.00. The sale and purchase transaction was completed on 31 March 2017.

4. MATERIAL LITIGATION

As at the LPD, the Group is not involved in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and there are no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

5. GENERAL

(i) There are no service contracts or proposed service contracts between the Directors and the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of the Board, the financial condition and operations of the Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the Group's liquidity;

(b) any material commitment for capital expenditure of the Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from operations;

(d) known trends or uncertainties which have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the revenues or operating income; and

(e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the Group's profits.

6. CONSENTS

(i) The written consents of the Principal Adviser, Company Secretaries, Share Registrar, Solicitors for the Rights Issue with Warrants, Independent Market Researcher, Auditors and Principal Banker for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of the Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and report relating to the pro forma consolidated statements of financial position and the audited consolidated financial statements of mTouche for the 18-month FPE 30 June 2017 and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg Finance L.P. for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of mTouche at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during normal business hours (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) Constitution of mTouche;

(ii) pro forma consolidated statements of financial position of the Group as at 30 June 2017 together with the Reporting Accountants' report thereon as set out in Appendix III of this Abridged Prospectus;

(iii) audited consolidated financial statements of the Group for the FYE 31 December 2015 and 18-month FPE 30 June 2017;

(iv) the IMR Report dated 18 September 2017 prepared by Protégé Associates referred to in Section 7 of this Abridged Prospectus;

(v) undertaking letter dated 15 August 2017 from the Undertaking Shareholders in relation to the Undertakings referred to in Section 3 of this Abridged Prospectus;

(vi) Directors' Report as set out in Appendix V of this Abridged Prospectus;

(vii) letters of consent referred to in Section 6 of this Appendix;

(viii) Deed Poll C; and

(ix) material contract referred to in Section 3 of this Appendix.

8. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.