

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

The Board of Directors of mTouche Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2017 which should be read in conjunction with the audited consolidated financial statements for the financial period ended 30 June 2017 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 **	changes %	Current Year To Date 31.12.2017 RM'000 (unaudited)	Preceding Year To Date 31.12.2016 RM'000 **	changes %
Revenue	3,656	N/A	N/A	7,681	N/A	N/A
Cost of sales	(4,228)	N/A	N/A	(5,765)	N/A	N/A
Gross (loss)/profit	(572)	N/A	N/A	1,916	N/A	N/A
Other income	210	N/A	N/A	920	N/A	N/A
Administrative expenses	(1,673)	N/A	N/A	(3,753)	N/A	N/A
Other expenses	(897)	N/A	N/A	(1,512)	N/A	N/A
Loss before tax	(2,932)	N/A	N/A	(2,429)	N/A	N/A
Tax expense	(7)	N/A	N/A	(152)	N/A	N/A
Loss for the financial period	(2,939)	N/A	N/A	(2,581)	N/A	N/A
Other comprehensive income:-						
Item that will be subsequently to profit or loss						
Exchange differences on translating foreign operation, net of tax	459	N/A	N/A	420	N/A	N/A
Item that will not be subsequently reclassified to profit or loss						
Actuarial gains on defined benefit obligation	-	N/A	N/A	-	N/A	N/A
Income tax effect	-	N/A	N/A	-	N/A	N/A
	-	N/A	N/A	-	N/A	N/A
Other comprehensive income for the financial period, net of tax	459	N/A	N/A	420	N/A	N/A
Total comprehensive loss for the financial period	(2,480)	N/A	N/A	(2,161)	N/A	N/A
Loss for the financial period attributable to:						
- Owners of the Company	(2,833)	N/A	N/A	(2,124)	N/A	N/A
- Non-controlling interest	(106)	N/A	N/A	(457)	N/A	N/A
	(2,939)	N/A	N/A	(2,581)	N/A	N/A

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(cont'd)**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 **	changes %	Current Year To Date 31.12.2017 RM'000 (unaudited)	Preceding Year To Date 31.12.2016 RM'000 **	changes %
Total comprehensive loss attributable to:						
- Owners of the Company	(2,369)	N/A	N/A	(2,050)	N/A	N/A
- Non-controlling interest	<u>(111)</u>	<u>N/A</u>	N/A	<u>(111)</u>	<u>N/A</u>	N/A
	<u>(2,480)</u>	<u>N/A</u>	N/A	<u>(2,161)</u>	<u>N/A</u>	N/A
Losses per share attributable to the owner of the company						
Basic (sen)	<u>(0.83)</u>	<u>N/A</u>	N/A	<u>(0.90)</u>	<u>N/A</u>	N/A
Diluted (sen)	<u>(0.83)</u>	<u>N/A</u>	N/A	<u>(0.90)</u>	<u>N/A</u>	N/A

***There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.*

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2017 RM'000 (unaudited)	As at 30.06.2017 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	6,230	788
Intangible assets	-	210
Deferred tax assets	68	118
	6,298	1,116
Total non-current assets		
Current assets		
Inventories	2	2
Trade and other receivables	17,760	20,162
Prepayments	957	743
Tax recoverable	585	462
Cash and Bank Balances	74,561	1,631
	93,865	23,000
Total current assets		
Total assets	100,163	24,116
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the company		
Share Capital	104,047	27,804
Reserves	(2,626)	(3,046)
Accumulated Losses	(14,430)	(12,306)
	86,991	12,452
Non-Controlling Interest	(1,541)	(1,430)
	85,450	11,022
Total equity		
LIABILITIES		
Non-Current Liabilities		
Deferred Tax Liabilities	16	16
Defined Benefits Obligations	516	486
	532	502
Total non-current liabilities		
Current Liabilities		
Trade and Other Payables	12,943	11,387
Tax Payable	1,238	1,205
	14,181	12,592
Total current liabilities		
Total liabilities	14,713	13,094
Total equity and liabilities	100,163	24,116
Net assets per share (sen)	17.11	9.78



MTOUCHE TECHNOLOGY BERHAD
Company no. 656395-X
(Incorporated in Malaysia)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	[----- Non-distributable -----]					Distributable		Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Discount on shares RM'000	Other capital reserve RM'000	Accumulated losses RM'000	Total RM'000		
As at 1 July 2017 (audited)	27,804	(4,511)	9,445	(9,445)	1,465	(12,306)	12,452	(1,430)	11,022
Loss for the financial period	-	-	-	-	-	(2,124)	(2,124)	(456)	(2,580)
Other comprehensive income for the financial period									
- Exchange translation differences, net of tax	-	420	-	-	-	-	420	345	765
Total comprehensive profit/(loss) for the financial period	-	420	-	-	-	(2,124)	(1,704)	(111)	(1,815)
Transaction with owners:-									
Issuance of ordinary shares	76,243	-	-	-	-	-	76,243	-	76,243
As at 31 December 2017 (unaudited)	104,047	(4,091)	9,445	(9,445)	1,465	(14,430)	86,991	(1,541)	85,450
As at 1 July 2016**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive profit/(loss) for the financial period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
As at 31 December 2016**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 31.12.2017 RM'000 (unaudited)	Preceding Year To Date 31.12.2016 RM'000 **
Operating activities		
Loss before tax	(2,429)	N/A
Adjustments for:-		
Amortisation of intangible assets	208	N/A
Depreciation of property, plant and equipment	92	N/A
Property, plant and equipment written off	9	N/A
Interest income	(5)	N/A
Provision of defined benefit obligation	49	N/A
Unrealised loss on foreign exchange	156	N/A
	(1,920)	N/A
Operating loss before working capital changes		
Changes in working capital:-		
Payables	1,906	N/A
Receivables	3,131	N/A
	3,117	N/A
Cash generated from operations		
Tax paid	(173)	N/A
	2,944	N/A
Net cash from operating activities		
Investing activities		
Purchase of property, plant and equipment	(5,578)	N/A
Interest received	5	N/A
	(5,573)	N/A
Net cash used in investing activities		
Financing activities		
Placement of fixed deposits	(27,505)	N/A
Proceeds from issuance of ordinary shares	76,243	N/A
	48,738	N/A
Net cash from financing activities		
CASH AND CASH EQUIVALENTS		
Net changes	46,109	N/A
Effects of changes in foreign exchange rate	(682)	N/A
Brought forward	1,588	N/A
	47,015	N/A
Carried forward		

1. Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	74,561	N/A
Fixed deposits with maturity of three month or more	(27,546)	N/A
	47,015	N/A

***There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.*

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in Malaysia Financial Reporting Standards (“MFRS”) 134 – Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2017.

The accounting policies and methods of computation used in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial period ended 30 June 2017 except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 July 2017.

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

Title	Effective date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018

The possible impact on adoption of the above pronouncements in the period of initial application cannot be determined at present.

A2. Auditors’ Report on the Preceding Annual Financial Statements

The auditor’s report on the latest audited financial statements for the period ended 30 June 2017 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors of Interim Operations

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current financial quarter.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current financial quarter.

A5. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter results.

A6. Issues, Repurchases, and Repayments of Debt and Equity Securities

On 9 November 2017, the Company issued 381,215,956 new ordinary shares at an issue price of RM0.20 per share, 190,607,977 Warrants C, 3,014,080 additional Warrants A and 2,173,723 additional Warrants B pursuant to the Right Issue with Warrants.

Save for the above, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial year to-date.

A7. Dividends Paid

There were no dividends declared and paid for the current financial quarter.

A8. Segmental Information

The management determines that its geographical segments comprise the following markets which have similar characteristics:

- (i) Matured markets – countries which the Group has achieved stable penetration rate including Malaysia, Singapore, Thailand and Hong Kong.
- (ii) Emerging markets – countries with potential growth and penetration rate including Indonesia, Vietnam, Philippines and Cambodia.

Segmental information by geographical segments for the three months ended 31 December 2017.

	Matured markets RM'000	Emerging markets RM'000	Elimination RM'000	Total RM'000
Revenue				
Sales to external customers	5,247	2,434	-	7,681
Inter-segment sales	19	-	(19)	-
Total revenue	5,266	2,434	(19)	7,681
Results				
Loss before tax	(1,797)	(632)	-	(2,429)
Tax expenses	(152)	-	-	(152)
Loss for the period	(1,949)	(632)	-	(2,581)

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current financial quarter.

A10. Events after the End of the Quarter

There were no other material events subsequent to the end of the current financial quarter up to 20 February 2018.

A11. Changes in Composition of the Group

There were no other changes in the composition of the Group for the current financial quarter.

A12. Contingent Assets or Changes on Contingent Liabilities

There were no contingent assets or contingent liabilities since the last statement of financial position date.

A13. Significant Related Party Transaction

The Directors are of the opinion that there are no related party transactions which would have material impact on the financial position and the business of the Group during the current financial quarter.

A14. Capital Commitments

There were no other capital commitments for the current financial quarter.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of Performance

Statement of Profit & Loss and Other Comprehensive Income

	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 (unaudited)
	RM'000	RM'000
Revenue	3,656	N/A
Gross loss	(572)	N/A
Loss before tax	(2,932)	N/A

The Group registered revenue of RM3.7 million for the three (3) months ended 31 December 2017. There is no preceding year corresponding period comparison due to the change in the financial year end from 31 December to 30 June. Revenue from matured market recorded at RM2.1 million whereas revenue from emerging markets recorded at RM1.6 million.

The revenue was largely generated from mTouche International Sdn Bhd on sales of license software and mTouche (Thailand) Co., Ltd on messaging content services.

Given the corporate exercise of the issuance of ordinary shares pursuant to the Rights Issue with Warrants has completed on 9 November 2017, the listing expenses has resulting higher expense recorded during the current financial quarter. Besides, the current economic which resulting the deceleration of revenue was also one of the factors to our gross loss during the current financial quarter.

Statement of Financial Position

	As at 31.12.2017 RM'000 (unaudited)	As at 30.06.2017 RM'000 (audited)
	RM'000	RM'000
Total assets	100,163	24,116
Total liabilities	14,713	13,094

The tremendous increase in total assets was largely resulting from the cash and cash equivalent as at 31 December 2017 amounting RM74.6 million as comparing to RM1.6 million as at 30 June 2017, the increase was due the completion of the rights issue exercise during financial period as mentioned above, whereby the said proceeds amounted to RM76.2 million.

On the other hand, total liabilities recorded an increase of 12.4% which resulting from the increase in trade payables as of the end of current financial quarter.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

Statement of Cash Flows

	As at 31.12.2017 RM'000 (unaudited) RM'000	As at 31.12.2016 RM'000 (unaudited) RM'000
Operating activities	2,944	N/A
Investing activities	(5,573)	N/A
Financing activities	76,238	N/A

With the positive collections, net cash generating from operating activities as at current financial period amounting to RM2.9 million. However, given the growing of the business, mTouche invested RM5.6 million in purchasing software and property, plant and equipment to support our current business model and upgrading our current facilities in both Thailand and Malaysia.

The net cash generating from financing activities during current financial period was largely contributed by the proceeds from the issuance of ordinary shares amounting RM76.2 million pursuant to the mentioned Rights Issues with Warrants.

B2. Material Changes in Profit before Tax for the Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 31.12.2017 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 30.09.2017 RM'000 (unaudited) RM'000
Revenue	3,656	4,025
(Loss)/Profit before tax	(2,932)	503

The Group recorded RM3.7 million of revenue during the financial quarter, which largely generated from mTouche International Sdn Bhd and mTouche (Thailand) Co., Ltd on sales of license software in Malaysia messaging content services in Thailand respectively. Comparing to RM4.0 million in the preceding quarter, the drop was due to performance in Thailand has decelerated in the current financial quarter. Besides that, increase of the expenses in relation of corporate exercise resulting the loss before tax to RM2.9 million comparing to profit before tax of RM0.5 million in the preceding quarter.

B3. Commentary on Prospects

We aim to capture the opportunities and prospects in the local and regional markets. Our Group has taken various initiatives to improve our financial performance.

Moving forward, the Group will continue to focus and drive existing core business in mobile value-added services, promote new products and continuously looking forward for the growth in South East Asia. mTouche will invest additional resources and funding to help accelerate time-to-market for the platform, with specific cloud-based solution and services for the media and entertainment industry.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

B4. Variation on Revenue or Profit Estimate, Forecast, Projection or Internal Targets

Not applicable.

B5. Variance of Actual Profit After Tax and Minority Interest and the Forecast Profit after Tax and Minority Interest

Not applicable.

B6. Shortfall in the Profit Guarantee

Not applicable.

B7. Tax expenses

	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Cumulative Year To Date 31.12.2017 RM'000 (unaudited)
Current tax expense:		
- Malaysian income tax	-	194
- Foreign tax	7	7
	7	201
Deferred tax	-	(49)
Total	7	152

Malaysian income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.

B8. Status of Corporate Proposals

There were no corporate proposals announced and completed as at 20 February 2018.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

B9. Utilisation of Proceeds Raised from Corporate Proposal

The proceeds raised from the renounceable rights issue with free detachable warrants amounting RM76.24 million.

Purpose	Proposed Utilisation	Actual Utilisation	Unutilised Proceeds	Intended Timeframe for Utilisation	Deviation amount		Explanation (if the deviations > 5%)
	RM'000	RM'000	RM'000		RM'000	%	
Upgrading of existing Mobile Value Added Service Platform	2,500	1,395	1,105	within 12 months	-	-	N/A
Development of a Mobile Digital Ecosystem Platform	7,500	-	7,500	within 18 months	-	-	N/A
Working Capital	3,035	-	3,035	within 24 months	-	-	N/A
Acquisition of new office premises	7,500	-	7,500	within 24 months	-	-	N/A
Regional business expansion	12,000	-	12,000	within 24 months	-	-	N/A
Acquisition and/or investment in other complementary business and/or assets	42,708	-	42,708	within 24 months	-	-	N/A
Expenses in relation to the Corporate Exercise	1,000	1,000	-	Immediate	-	-	N/A
Total	76,243	2,395	73,848				

B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 December 2017.

B11. Material Litigation

There were no significant changes in material litigation as at 20 February 2018.

B12. Dividends

No dividend was declared and paid during the current financial quarter.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

B13. Losses per shares

	Current Year Quarter 31.12.2017	Preceding Year Quarter 31.12.2016	Current Year To Date 31.12.2017	Preceding Year To Date 31.12.2016
Loss attributable to ordinary shareholders of the Company (RM'000)	(2,833)	N/A	(2,124)	N/A
Weighted average number of ordinary shares in issue ('000)	342,817	N/A	235,671	N/A
Basic & diluted loss per share (sen)	(0.83)	N/A	(0.90)	N/A

The diluted losses per ordinary share is same as the basic losses per share as the average market price of the ordinary shares during the current financial quarter was lower than the exercise price of the warrants and accordingly, the effect of the assumed conversion of warrants outstanding will be anti-dilutive effect and the Company has no other dilutive potential ordinary shares in issue as at the end of the current financial quarter.

B14. Note to the Statements of Profit or Loss and Other Comprehensive Income

Loss before tax has been determined after (crediting)/charging, amongst others, the followings items:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Quarter 31.12.2016 RM'000	Current Year To Date 31.12.2017 RM'000	Preceding Year To Date 31.12.2016 RM'000
Interest income	(2)	N/A	(5)	N/A
Other income	(213)	N/A	(920)	N/A
Depreciation and amortisation	138	N/A	300	N/A
Foreign exchange losses	59	N/A	134	N/A

Save for the above, the other items as required under Chapter 9 Appendix 9B (16) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B15. Foreign Currency Risk Management

The Group does not enter into any foreign currency contracts during the current financial quarter.



MTOUCHE TECHNOLOGY BERHAD
Company no. 656395-X
(Incorporated in Malaysia)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

B16. Trade Receivables

	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 (unaudited)
	RM'000	RM'000
Neither past due nor impaired	4,150	N/A
Past due but not impaired:		
1-30 days	2,755	N/A
31-60 days	1,450	N/A
61-90 days	685	N/A
91-365 days	281	N/A
Past due and impaired	0	N/A
	9,321	N/A

B17. Material Impairment of Assets

There was no material impairment of assets during the current financial quarter.

By Order of the Board,

NG SALLY (MAICSA 7060343)
TEO MEE HUI (MAICSA 7050642)
Company Secretary
27 February 2018