

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2018

The Board of Directors of mTouche Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2018 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 31.03.2018 RM'000 (unaudited)	Preceding Year Quarter 31.03.2017 RM'000 **	changes %	Current Year To Date 31.03.2018 RM'000 (unaudited)	Preceding Year To Date 31.03.2017 RM'000 **	changes %
Revenue	11,390	N/A	N/A	19,071	N/A	N/A
Cost of sales	(7,772)	N/A	N/A	(13,537)	N/A	N/A
Gross profit	3,618	N/A	N/A	5,534	N/A	N/A
Other income	43	N/A	N/A	963	N/A	N/A
Administrative expenses	(1,689)	N/A	N/A	(5,442)	N/A	N/A
Other expenses	(633)	N/A	N/A	(2,145)	N/A	N/A
Finance costs	(1)	N/A	N/A	(1)	N/A	N/A
Profit/(Loss) before tax	1,338	N/A	N/A	(1,091)	N/A	N/A
Tax expense	-	N/A	N/A	(152)	N/A	N/A
Profit/(Loss) for the financial period	1,338	N/A	N/A	(1,243)	N/A	N/A
Other comprehensive income/(loss):-						
Item that will be subsequently to profit or loss						
Exchange differences on translating foreign operation, net of tax	(78)	N/A	N/A	342	N/A	N/A
Other comprehensive (loss)/income for the financial period, net of tax	(78)	N/A	N/A	342	N/A	N/A
Total comprehensive income/(loss) for the financial period	1,260	N/A	N/A	(901)	N/A	N/A
Profit/(Loss) for the financial period attributable to:						
- Owners of the Company	1,473	N/A	N/A	(651)	N/A	N/A
- Non-controlling interest	(135)	N/A	N/A	(592)	N/A	N/A
	1,338	N/A	N/A	(1,243)	N/A	N/A
Total comprehensive income/(loss) attributable to:						
- Owners of the Company	1,502	N/A	N/A	(659)	N/A	N/A
- Non-controlling interest	(242)	N/A	N/A	(242)	N/A	N/A
	1,260	N/A	N/A	(901)	N/A	N/A

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.03.2018 RM'000 (unaudited)	Preceding Year Quarter 31.03.2017 RM'000 **	changes %	Current Year To Date 31.03.2018 RM'000 (unaudited)	Preceding Year To Date 31.03.2017 RM'000 **	changes %
Earning/(Loss) per share attributable to the owner of the company						
Basic (sen)	<u>0.29</u>	<u>N/A</u>	N/A	<u>(0.20)</u>	<u>N/A</u>	N/A
Diluted (sen)	<u>0.29</u>	<u>N/A</u>	N/A	<u>(0.20)</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.*

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.03.2018 RM'000 (unaudited)	As at 30.06.2017 RM'000 (audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	6,850	788
Intangible Assets	-	210
Deferred Tax Assets	68	118
	6,918	1,116
Total non-current assets	6,918	1,116
Current assets		
Inventories	2	2
Trade Receivables	14,425	13,199
Other Receivables, Deposits and Prepayment	39,045	7,706
Tax Recoverable	517	462
Cash and Bank Balances	42,738	1,631
	96,727	23,000
Total current assets	96,727	23,000
Total assets	103,645	24,116
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the company		
Share Capital	104,047	27,804
Reserves	(2,704)	(3,046)
Accumulated Losses	(12,957)	(12,306)
	88,386	12,452
Non-Controlling Interests	(1,672)	(1,430)
	86,714	11,022
Total equity	86,714	11,022
LIABILITIES		
Non-Current Liabilities		
Deferred Tax Liabilities	16	16
Defined Benefits Obligations	516	486
	532	502
Total non-current liabilities	532	502
Current Liabilities		
Trade Payables	7,687	4,299
Other Payables	7,090	7,088
Finance Lease Liabilities	506	-
Tax Payable	1,116	1,205
	16,399	12,592
Total current liabilities	16,399	12,592
Total liabilities	16,931	13,094
Total equity and liabilities	103,645	24,116
Net assets per share (sen)	17.38	9.78



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

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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	-	-	-	-	-	(651)	(651)	(592)	(1,243)
Other comprehensive income for the financial period									
- Exchange translation differences, net of tax	-	342	-	-	-	-	342	350	692
Total comprehensive profit/(loss) for the financial period	-	342	-	-	-	(651)	(309)	(242)	(551)
Transaction with owners:-									
Issuance of ordinary shares	76,243	-	-	-	-	-	76,243	-	76,243
As at 31 March 2018 (unaudited)	104,047	(4,169)	9,445	(9,445)	1,465	(12,957)	88,386	(1,672)	86,714
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 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 March 2017**	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.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 31.03.2018 RM'000 (unaudited)	Preceding Year To Date 31.03.2017 RM'000 **
Operating activities		
Loss before tax	(1,091)	N/A
Adjustments for:-		
Amortisation of intangible assets	208	N/A
Depreciation of property, plant and equipment	250	N/A
Property, plant and equipment written off	9	N/A
Interest income	(5)	N/A
Interest expenses	1	N/A
Provision of defined benefit obligation	49	N/A
Unrealised loss on foreign exchange	275	N/A
Operating loss before working capital changes	(304)	N/A
Changes in working capital:-		
Payables	3,777	N/A
Receivables	(4,235)	N/A
Cash used in operations	(762)	N/A
Tax paid	(227)	N/A
Net cash used in operating activities	(989)	N/A
Investing activities		
Purchase of property, plant and equipment	(5,840)	N/A
Deposits paid	(28,150)	N/A
Interest received	5	N/A
Net cash used in investing activities	(33,985)	N/A
Financing activities		
Placement of fixed deposits	(27,505)	N/A
Repayment of finance lease liabilities	(9)	N/A
Interest paid	(1)	N/A
Proceeds from issuance of ordinary shares	76,243	N/A
Net cash from financing activities	48,728	N/A
CASH AND CASH EQUIVALENTS		
Net changes	13,754	N/A
Effects of changes in foreign exchange rate	(150)	N/A
Brought forward	1,588	N/A
Carried forward	15,192	N/A
1. Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	42,738	N/A
Fixed deposits with maturity of three month or more	(27,546)	N/A
	15,192	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.*

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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:

MFRS, Amendments to MFRSs and Interpretation effective 1 January 2019

MFRS 16	<i>Leases</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures#</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to MFRS Standards 2015-2017 Cycle	

MFRS effective 1 January 2021

MFRS 17	<i>Insurance Contracts#</i>
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Amendments to MFRSs (deferred effective dates to be announced by MASB)

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture#</i>
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Not applicable to Group’s existing operations

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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.

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

There no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter

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.

	Matured markets RM'000	Emerging markets RM'000	Elimination RM'000	Total RM'000
Revenue				
Sales to external customers	14,829	4,242	-	19,071
Inter-segment sales	22	-	(22)	-
Total revenue	14,851	4,242	(22)	19,071
Results				
Loss before tax	(99)	(992)	-	(1,091)
Tax expenses	(152)	-	-	(152)
Loss for the period	(251)	(992)	-	(1,243)

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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 23 May 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.

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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 31.03.2018 RM'000 (unaudited)	Preceding Year Quarter 31.03.2017 RM'000 (unaudited)
	RM'000	RM'000
Revenue	11,390	N/A
Gross profit	3,618	N/A
Profit before tax	1,338	N/A

The Group registered revenue of RM11.39 million for the three (3) months ended 31 March 2018. 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 RM9.58 million whereas revenue from emerging markets recorded at RM1.81 million.

The bulk of the revenue was generated mainly from mTouche (Thailand) Co., Ltd on improved messaging content services, mTouche (HK) Ltd. on the provision of engineering consultancy work for telecommunications services as well as mTouche International Sdn. Bhd. on software licensing.

Overall, the continuous efforts put forth by the management through various business development activities, the figures shown an acceleration in revenue, particularly in the region of Thailand and Hong Kong, which in turn shown the improved market response to our products and services.

With the abovementioned revenue recorded, coupled with Management's continuous initiative in tightening up the cost of services through a series of cost control measurement, the Group registered a pre-tax profit of RM1.34 million.

Statement of Financial Position

	As at 31.03.2018 RM'000 (unaudited)	As at 30.06.2017 RM'000 (audited)
	RM'000	RM'000
Total assets	103,645	24,116
Total liabilities	16,931	13,094

The tremendous increase in total assets was largely resulting from the cash and cash equivalent as at 31 March 2018 amounting RM42.74 million as comparing to RM1.63 million as at 30 June 2017, the increase was due the completion of the rights issue exercise during financial period, whereby the said proceeds amounted to RM76.24 million. Besides, the Company have embarked on new business investment with deposits paid of RM28.15 million in securing i) Digital Media marketing rights for Asia Pacific markets on 'Iconic Treasures Historical

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Statement of Financial Position (cont'd)

collection' contents form for Soccer, Football (Rugby) and Motorsports from an Australian based company; ii) Global Data SIM solutions, services and marketing rights for global market from a Hong Kong based company.

On the other hand, total liabilities recorded an increase of 29.3% which resulting from the increase in trade payables as of the end of current financial quarter which is in tandem with the higher cost of sales during the current financial quarter.

Statement of Cash Flows

	As at 31.03.2018 RM'000 (unaudited)	As at 31.03.2017 RM'000 (unaudited)
	RM'000	RM'000
Operating activities	(989)	N/A
Investing activities	(33,985)	N/A
Financing activities	48,728	N/A

Net cash used in investing activities as at current financial period amounting to RM33.99 million was largely contributed by the deposits paid of RM28.15 million to secure the Digital Media marketing rights for Asia Pacific markets on 'Iconic Treasures Historical collection' contents Australia; and Global Data SIM solutions, services and marketing rights for global market from Hong Kong during the financial period, as mentioned above. Besides, given the growing of the future business, mTouche invested in software and property, plant and equipment of RM5.84 million 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 RM76.24 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 31.03.2018 RM'000 (unaudited)	Immediate Preceding Quarter 31.12.2017 RM'000 (unaudited)
	RM'000	RM'000
Revenue	11,390	3,656
Profit/(Loss) before tax	1,338	(2,932)

The Group recorded an improved revenue of RM11.39 million during the financial quarter, which was generated mainly from mTouche (Thailand) Co., Ltd, mTouche (HK) Ltd. and mTouche International Sdn Bhd on messaging content services, consultancy services and software licensing. Comparing to RM3.66 million in the preceding quarter, the increase was due to better improvement in performance from Thailand and Hong Kong which has accelerated in the current financial quarter. Besides that, coupled with Management's continuous initiative in tightening up the cost of services through a series of cost control measurement, the Group registered a pre-tax profit of RM1.34 million.

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B3. Commentary on Prospects

The Group will continue to enhance its products and services offering and positioning itself to further promote Digital Media business opportunities and prospects in the local and regional markets. Our Group has taken various initiatives to improve our business as well as financial performance.

Moving forward, the Group will continue to focus and drive the existing core business in mobile value-added services, and seek continuous development and feasible investment on new products and services for the future growth of our market share in South East Asia, Asia Pacific and eventually global markets. mTouche will invest additional resources and funding to help accelerate time-to-market for the Digital Media platform, for the media and entertainment industry, together with the introduction of the 'Iconic Treasures Historical collection' contents and Global Data SIM solutions and services.

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 31.03.2018 RM'000 (unaudited)	Cumulative Year To Date 31.03.2018 RM'000 (unaudited)
Current tax expense:		
- Malaysian income tax	-	194
- Foreign tax	-	7
Deferred tax	-	201 (49)
Total	-	152

Malaysian income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for others 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 23 May 2018.

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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	1,263	1,237	within 12 months	-	-	N/A
Development of a Mobile Digital Ecosystem Platform	7,500	3,262	4,238	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	28,150	14,558	within 24 months	-	-	N/A
Expenses in relation to the Corporate Exercise	1,000	1,000	-	Immediate	-	-	N/A
Total	76,243	33,675	42,568				

B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 March 2018.

B11. Material Litigation

There were no significant changes in material litigation as at 23 May 2018.

B12. Dividends

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

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B13. Earning/(Loss) per shares

	Current Year Quarter 31.03.2018	Preceding Year Quarter 31.03.2017	Current Year To Date 31.03.2018	Preceding Year To Date 31.03.2017
Earning/(Loss) attributable to ordinary shareholders of the Company (RM'000)	1,473	N/A	(651)	N/A
Weighted average number of ordinary shares in issue ('000)	508,564	N/A	324,912	N/A
Basic & diluted loss per share (sen)	0.29	N/A	(0.20)	N/A

The diluted gain/(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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2018 RM'000	Preceding Year Quarter 31.03.2017 RM'000	Current Year To Date 31.03.2018 RM'000	Preceding Year To Date 31.03.2017 RM'000
Interest income	(1)	N/A	(5)	N/A
Other income	(43)	N/A	(958)	N/A
Depreciation and amortisation	158	N/A	458	N/A
Interest expenses	1	N/A	1	N/A
Foreign exchange losses	102	N/A	236	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.



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Company no. 656395-X
(Incorporated in Malaysia)

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B16. Trade Receivables

	Current Year Quarter 31.03.2018 RM'000 (unaudited)	Preceding Year Quarter 31.03.2017 RM'000 (unaudited)
	RM'000	RM'000
Neither past due nor impaired	6,837	N/A
Past due but not impaired:		
1-30 days	3,665	N/A
31-60 days	2,815	N/A
61-90 days	589	N/A
91-365 days	519	N/A
Past due and impaired	-	N/A
	14,425	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
30 May 2018