
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2019

The Board of Directors of mTouche Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2019 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June 2019 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 31.12.2019 RM'000 (unaudited)	Preceding Year Quarter 31.12.2018 RM'000 (unaudited)	changes %	Current Year To Date 31.12.2019 RM'000 (unaudited)	Preceding Year To Date 31.12.2018 RM'000 (unaudited)	changes %
Revenue	1,750	2,642	-33.8	6,363	5,550	14.6
Cost of sales	<u>(1,625)</u>	<u>(2,267)</u>	-28.3	<u>(3,784)</u>	<u>(5,053)</u>	-25.1
Gross profit	125	375	-66.7	2,579	497	>100.0
Other income	150	928	-83.8	297	995	-70.2
Administrative expenses	(1,678)	(1,679)	-0.1	(2,930)	(3,149)	-7.0
Other expenses	(1,516)	(1,592)	-4.8	(2,218)	(2,115)	4.9
Finance costs	<u>(79)</u>	<u>(6)</u>	>100.0	<u>(110)</u>	<u>(8)</u>	>100.0
Loss before tax	(2,998)	(1,974)	51.9	(2,382)	(3,780)	-37.0
Tax (expense)/income	<u>(523)</u>	<u>(1)</u>	>100.0	<u>298</u>	<u>197</u>	51.3
Loss for the financial period	(3,521)	(1,975)	78.3	(2,084)	(3,583)	-41.8
Other comprehensive (loss)/income:-						
Item that will be subsequently to profit or loss						
Exchange differences on translating foreign operation, net of tax	<u>(25)</u>	<u>(181)</u>	-86.2	<u>45</u>	<u>(410)</u>	>100.0
Other comprehensive (loss)/income for the financial period, net of tax	<u>(25)</u>	<u>(181)</u>	-86.2	<u>45</u>	<u>(410)</u>	>100.0
Total comprehensive loss for the financial period	<u>(3,546)</u>	<u>(2,156)</u>	64.5	<u>(2,039)</u>	<u>(3,993)</u>	-48.9
Loss for the financial period attributable to:-						
- Owners of the Company	(3,586)	(2,007)	78.7	(1,990)	(3,307)	-39.8
- Non-controlling interests	<u>65</u>	<u>32</u>	103.1	<u>(94)</u>	<u>(276)</u>	-65.9
	<u>(3,521)</u>	<u>(1,975)</u>	78.3	<u>(2,084)</u>	<u>(3,583)</u>	-41.8

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.12.2019 RM'000 (unaudited)	Preceding Year Quarter 31.12.2018 RM'000 (unaudited)	changes %	Current Year To Date 31.12.2019 RM'000 (unaudited)	Preceding Year To Date 31.12.2018 RM'000 (unaudited)	changes %
Total comprehensive loss attributable to:-						
- Owners of the Company	(3,546)	(2,107)	68.3	(2,269)	(4,315)	-47.4
- Non-controlling interests	-	(49)	-100.0	230	322	-28.6
	<u>(3,546)</u>	<u>(2,156)</u>	64.5	<u>(2,039)</u>	<u>(3,993)</u>	-48.9
Losses per share attributable to the owner of the company						
Basic (sen)	<u>(0.71)</u>	<u>(0.39)</u>	82.1	<u>(0.39)</u>	<u>(0.65)</u>	-0.4
Diluted (sen)	<u>(0.71)</u>	<u>(0.39)</u>	82.1	<u>(0.39)</u>	<u>(0.65)</u>	-0.4

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 Restated (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,724	4,468
Right-of-use assets	1,243	1,520
Intangible assets	5,151	5,213
Deferred tax assets	1,947	1,900
	12,065	13,101
Total non-current assets		
Current assets		
Trade receivables and other receivables	52,193	55,821
Prepayments	69	31
Other investments	745	745
Tax recoverable	226	286
Cash and bank balances	20,365	17,455
	73,598	74,338
Total current assets		
Total assets	85,663	87,439
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the company		
Share capital	104,047	104,047
Reserves	2,600	2,555
Accumulated losses	(33,557)	(31,568)
	73,090	75,034
Non-controlling interests	(1,521)	(1,656)
	71,569	73,378
Total equity		
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	235	278
Lease liabilities	749	1,093
Defined benefits obligations	811	937
	1,795	2,308
Total non-current liabilities		
Current liabilities		
Trade and other payables	11,628	10,035
Finance lease liabilities	93	98
Lease liabilities	578	502
Tax payable	-	1,118
	12,299	11,753
Total current liabilities		
Total liabilities	14,094	14,061
Total equity and liabilities	85,663	87,439
Net assets per share (sen)	14.07	14.43



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	[----- Non-distributable -----]					Distributable		Non-controlling interests 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 2019, as previously reported (audited)	104,047	1,090	22,985	(22,985)	1,465	(31,492)	75,110	(1,657)	73,453
Adjustment on initial application of MFRS 16, net of tax	-	-	-	-	-	(75)	(75)	-	(75)
As at 1 July 2019, restated	104,047	1,090	22,985	(22,985)	1,465	(31,492)	75,035	(1,657)	73,378
Loss for the financial period	-	-	-	-	-	(1,990)	(1,990)	(94)	(2,084)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
- Exchange translation differences, net of tax	-	45	-	-	-	-	45	230	275
Total comprehensive income/(loss) for the financial period	-	45	-	-	-	(1,990)	(1,945)	136	(1,809)
As at 31 December 2019 (unaudited)	104,047	1,135	22,985	(22,985)	1,465	(33,557)	73,090	(1,521)	71,569
As at 1 July 2018 (audited)	104,047	(6,304)	22,985	(22,985)	1,465	(10,937)	88,271	(1,740)	86,531
Loss for the financial period	-	-	-	-	-	(3,307)	(3,307)	(276)	(3,583)
Other comprehensive (loss)/ income for the financial period	-	-	-	-	-	-	-	-	-
- Exchange translation differences, net of tax	-	(410)	-	-	-	-	(410)	322	(88)
Total comprehensive (loss)/income for the financial period	-	(410)	-	-	-	(3,307)	(3,717)	46	(3,671)
As at 31 December 2018 (unaudited)	104,047	(6,714)	22,985	(22,985)	1,465	(14,244)	84,554	(1,694)	82,860

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 31.12.2019 RM'000 (unaudited)	Preceding Year To Date 31.12.2018 RM'000 (unaudited)
Operating activities		
Loss before tax	(2,382)	(3,780)
Adjustments for:-		
Depreciation and amortisation	1,242	620
Impairment losses on financial assets	166	-
Interest expenses	110	8
Interest income	(4)	(837)
Provision of defined benefit obligation	81	52
Revaluation loss on other investment	-	1,004
Gain on disposal of property, plant and equipment	-	(2)
Unrealised loss on foreign exchange	546	3
	(241)	(2,932)
Operating loss before working capital changes		
Changes in working capital:-		
Receivables	2,823	(1,527)
Payables	1,534	3,760
	4,116	(699)
Cash generated from/(used in) operations		
Tax paid	(555)	(1,121)
Defined benefit obligation paid	(221)	-
	3,340	(1,820)
Net cash from/(used in) operating activities		
Investing activities		
Additions to intangible assets	-	(1,147)
Purchase of property, plant and equipment	(65)	(65)
Investment in quoted shares	-	(507)
Interest received	4	837
	(61)	(882)
Net cash used in investing activities		
Financing activities		
Interest paid	(110)	(8)
Placement of fixed deposits	-	(49)
Repayment of lease liabilities	(271)	-
Repayment of finance lease liabilities	(48)	(49)
	(429)	(106)
Net cash used in financing activities		
CASH AND CASH EQUIVALENTS		
Net changes	2,850	(2,808)
Effects of changes in foreign exchange rate	60	33
Brought forward	17,455	32,637
	20,365	29,862
Carried forward		



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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

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

Cash and bank balances	20,365	29,911
Fixed deposits with maturity of three months or more	-	(49)
	<u>20,365</u>	<u>29,862</u>

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2019

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 year ended 30 June 2019 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 year ended 30 June 2019.

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 year ended 30 June 2019 except for the changes in accounting policies and presentation resulting from the adoption of the new and revised Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and Issues Committee Interpretations (“IC Interpretations”) that are effective and relevant to the Group for financial year beginning 1 July 2019.

The adoption of the new and revised MFRSs, Amendments to MFRSs and IC Interpretations are not expected to have any material financial impact to the Group.

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

MFRS effective 1 January 2020

Amendment to MFRS 3	<i>Definition of a Business</i>
Amendment to MFRS 101 and MFRS 108	<i>Definition of material</i>

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 Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

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 financial year ended 30 June 2019 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	3,698	2,665	-	6,363
Inter-segment sales	-	-	-	-
Total revenue	3,698	2,665	-	6,363
Results				
(Loss)/Profit before tax	(2,593)	222	(11)	(2,382)
Tax income	298	-	-	298
(Loss)/Profit for the period	(2,295)	222	(11)	(2,084)

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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 21 February 2020.

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 31.12.2019 RM'000 (unaudited)	Preceding Year Quarter 31.12.2018 RM'000 (unaudited)
	RM'000	RM'000
Revenue	1,750	2,642
Gross profit	125	375
Loss before tax	(2,998)	(1,974)

The Group registered revenue of RM1.75 million for the three (3) months ended 31 December 2019. It marked a decrease of 33.8% or RM0.89 million as compared to preceding year quarter. Revenue from matured market recorded at RM0.66 million whereas revenue from emerging markets recorded at RM1.09 million.

The bulk of the revenue was generated mainly from:

- mTouche (Vietnam) Co. Ltd. and Mobile Asia Vietnam Co., Ltd. on providing mobile messaging technologies, billing platforms and interactive media solutions based on wireless and internet technologies,
- mTouche (Thailand) Co., Ltd on improved messaging content services
- Mobile Fusion Pte. Ltd. on reduced cost of data communication service.

Loss before tax marked at RM3.00 million during the current financial quarter, largely resulted by the decrease of revenue as well as gross profit during the current financial quarter.

Statement of Financial Position

	As at 31.12.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 Restated (audited)
	RM'000	RM'000
Total assets	85,663	87,439
Total liabilities	14,094	14,061

Total assets recorded a decrease of 2.0% or RM1.78 million as at current financial quarter. The current assets mainly comprising trade and other receivables, fixed deposits with licensed bank, cash and bank balances totaled RM73.60 million as at 31 December 2019, comparing to RM74.34 million as at 30 June 2019, the decrease was largely due to the decrease in receivables as compare to previous financial year. On the other hand, total liabilities recorded an increase of 0.2%. which was largely due to increase of payables by 15.9%.

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B2. Review of Performance (Cont'd)

Statement of Cash Flows

	As at 31.12.2019 RM'000 (unaudited) RM'000	As at 31.12.2018 RM'000 (unaudited) RM'000
Operating activities	3,340	(1,820)
Investing activities	(61)	(882)
Financing activities	(429)	(106)

The net cash generated from operating activities during the current period amounted to RM3.34 million which was due to the better collection from receivables and higher payables during the current financial period.

Net cash used in investing activities during the current financial period amounted to RM0.06 million, it comprised of acquisition in property, plant and equipment amounted to RM0.06 million to support current business model and upgrading current facilities in the regions.

The net cash used in financing activities during the current financial period was mainly contributed by interest expenses paid, repayment of lease liabilities and repayment of finance lease liabilities.

B3. Material Changes in Profit before Tax for the Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 31.12.2019 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 30.09.2019 RM'000 (unaudited) RM'000
Revenue	1,750	4,613
(Loss)/Profit before tax	(2,998)	617

The Group recorded loss before tax of RM3.00 million during the financial quarter comparing to profit before tax RM0.06 million in the preceding quarter which largely resulted by the decrease of revenue as well as gross profit during the current financial quarter.

B4. Commentary on Prospects

Moving forward, the Group will continue to focus and drive the existing core business in mobile value-added services, further promote Digital Media business opportunities and prospects in the local and regional markets 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.

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B5. Variation on Revenue or Profit Estimate, Forecast, Projection or Internal Targets

Not applicable.

B6. Variance of Actual Profit After Tax and Minority Interest and the Forecast Profit after Tax and Minority Interest

Not applicable.

B7. Shortfall in the Profit Guarantee

Not applicable.

B8. Tax Expenses/(Income)

	Current Year Quarter 31.12.2019 RM'000 (unaudited)	Cumulative Year To Date 31.12.2019 RM'000 (unaudited)
Current tax income:		
- Malaysian income tax	-	-
- Foreign tax	-	-
	-	-
Deferred tax	523	(298)
Total	523	(298)

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.

B9. Status of Corporate Proposals

There were no corporate proposals announced and completed as at 21 February 2020.

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B10. 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	2,500	-	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	68,743	7,500				

In the process of revising the unutilized fund terms and conditions

B11. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 December 2019.

B12. Material Litigation

There were no significant changes in material litigation as at 21 February 2020.

B13. Dividends

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

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B14. Losses per shares

	Current Year Quarter 31.12.2019	Preceding Year Quarter 31.12.2018	Current Year To Date 31.12.2019	Preceding Year To Date 31.12.2018
Losses attributable to ordinary shareholders of the Company (RM'000)	(3,586)	(2,007)	(1,990)	(3,307)
Weighted average number of ordinary shares in issue ('000)	508,564	508,564	508,564	508,564
Basic & diluted losses per share (sen)	(0.71)	(0.39)	(0.39)	(0.65)

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.

B15. 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 31.12.2019 RM'000	Preceding Year Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2019 RM'000	Preceding Year To Date 31.12.2018 RM'000
Interest income	(4)	(813)	(4)	(837)
Other income	(146)	(115)	(293)	(158)
Gain on disposal of property, plant and equipment	-	(1)	-	(2)
Foreign exchange (gain)/losses	(20)	(2)	546	4
Depreciation and amortisation	761	311	1,242	620
Revaluation loss on other investment	-	1,004	-	1,004
Interest expenses	78	6	110	8

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.

B16. Foreign Currency Risk Management

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



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B17. Trade Receivables

	As at 31.12.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
	RM'000	RM'000
Neither past due nor impaired	916	2,705
Past due but not impaired:		
1-30 days	701	3,930
31-60 days	8	438
61-90 days	7	27
91-365 days	25	2,750
More than 365 days	5,312	3,079
Past due and impaired	10,644	24
	17,612	12,953

B18. 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
28 February 2020