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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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The Board of Directors of mTouche Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 June 2020 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 30.06.2020 RM'000 (unaudited)	Preceding Year Quarter 30.06.2019 RM'000 (unaudited)	changes %	Current Year To Date 30.06.2020 RM'000 (unaudited)	Preceding Year To Date 30.06.2019 RM'000 (audited)	changes %
Revenue	1,664	16,489	-89.9	9,228	27,004	-65.8
Cost of sales	(572)	(6,766)	-91.5	(5,521)	(14,570)	-62.1
Gross profit	1,092	9,723	-88.8	3,707	12,434	-70.2
Other income	19,111	(42)	>-100.0	19,884	1,248	>100.0
Administrative expenses	(1,275)	(3,391)	-62.4	(5,523)	(8,326)	-33.7
Other expenses	(40,971)	(2,129)	>100.0	(43,409)	(26,876)	61.5
Finance costs	(107)	24	>-100.0	(270)	(15)	>100.0
<b>(Loss)/Profit before tax</b>	<b>(22,150)</b>	<b>4,185</b>	<b>&gt;-100.0</b>	<b>(25,611)</b>	<b>(21,535)</b>	<b>18.9</b>
Tax income/(expenses)	21	773	-97.3	(14)	971	>-100.0
<b>(Loss)/Profit for the financial period</b>	<b>(22,129)</b>	<b>4,958</b>	<b>&gt;-100.0</b>	<b>(25,625)</b>	<b>(20,564)</b>	<b>24.6</b>
<b>Other comprehensive (loss)/income:-</b>						
<b>Item that will be subsequently to profit or loss</b>						
Exchange differences on translating foreign operation, net of tax	(2,687)	10,066	>-100.0	(2,791)	7,435	>-100.0
<b>Item that will not be subsequently to profit or loss</b>						
Actuarial gain on defined benefit obligations	-	39	-100.0	-	39	-100.0
Income tax effect	-	(8)	-100.0	-	(8)	-100.0
Other comprehensive income for the financial period, net of tax	-	31	-100.0	-	31	-100.0
Other comprehensive (loss)/income for the financial period, net of tax	(2,687)	10,097	>-100.0	(2,791)	7,466	>-100.0
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(24,816)</b>	<b>15,055</b>	<b>&gt;-100.0</b>	<b>(28,416)</b>	<b>(13,098)</b>	<b>24.6</b>

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 30.06.2020 RM'000 (unaudited)	Preceding Year Quarter 30.06.2019 RM'000 (unaudited)	changes %	Current Year To Date 30.06.2020 RM'000 (unaudited)	Preceding Year To Date 30.06.2019 RM'000 (unaudited)	changes %
<b>(Loss)/Profit for the financial period attributable to:-</b>						
- Owners of the Company	(22,131)	4,686	>-100.0	(25,561)	(20,605)	-24.1
- Non-controlling interests	<u>2</u>	<u>272</u>	-99.3	<u>(64)</u>	<u>41</u>	>-100.0
	<u><b>(22,129)</b></u>	<u><b>4,958</b></u>	>-100.0	<u><b>(25,625)</b></u>	<u><b>(20,564)</b></u>	24.6
<b>Total comprehensive (loss)/income attributable to:-</b>						
- Owners of the Company	(24,618)	15,288	>-100.0	(28,618)	(13,180)	>100.0
- Non-controlling interests	<u>(198)</u>	<u>(233)</u>	-15.0	<u>202</u>	<u>82</u>	>100.0
	<u><b>(24,816)</b></u>	<u><b>15,055</b></u>	>-100.0	<u><b>(28,416)</b></u>	<u><b>(13,098)</b></u>	>100.0
<b>(Losses)/Earnings per share attributable to the owner of the company</b>						
Basic (sen)	<u>(3.13)</u>	<u>0.92</u>	>-100.0	<u>(4.88)</u>	<u>(4.05)</u>	20.5
Diluted (sen)	<u><b>(3.13)</b></u>	<u><b>0.92</b></u>	>-100.0	<u><b>(4.88)</b></u>	<u><b>(4.05)</b></u>	20.5

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.06.2020 RM'000 (unaudited)</b>	<b>As at 30.06.2019 RM'000 (Restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,972	4,468
Right-of-use assets	1,729	2,676
Intangible assets	41,042	5,213
Deferred tax assets	1,997	1,900
	47,740	14,257
Total non-current assets		
<b>Current assets</b>		
Trade receivables and other receivables	11,609	55,821
Prepayments	45	31
Other investments	994	745
Tax recoverable	480	286
Cash and bank balances	18,615	17,455
	31,743	74,338
Total current assets		
<b>Total assets</b>	<b>79,483</b>	<b>88,595</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	121,399	104,047
Reserves	4,788	2,555
Accumulated losses	(57,189)	(31,628)
	68,998	74,974
Non-controlling interests	(1,519)	(1,657)
	67,479	73,317
Total equity		
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	1,173	2,568
Defined benefits obligations	948	937
	2,121	3,505
Total non-current liabilities		
<b>Current liabilities</b>		
Trade and other payables	8,354	10,055
Lease liabilities	979	600
Tax payable	550	1,118
	9,883	11,773
Total current liabilities		
Total liabilities	12,004	15,278
<b>Total equity and liabilities</b>	<b>79,483</b>	<b>88,595</b>
<b>Net assets per share (sen)</b>	<b>9.55</b>	<b>14.42</b>



**MTOUCHE TECHNOLOGY BERHAD**  
**Registration No.: 200401017892 (656395-X)**  
**(Incorporated in Malaysia)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2020**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	[----- Non-distributable -----]					Distributable			
	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	Non- controlling interests 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	-	-	-	-	-	(136)	(136)	-	(136)
As at 1 July 2019, restated	104,047	1,090	22,985	(22,985)	1,465	(31,628)	74,974	(1,657)	73,317
Loss for the financial period	-	-	-	-	-	(25,561)	(25,561)	(64)	(25,625)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
- Exchange translation differences, net of tax	-	(2,791)	-	-	-	-	(2,791)	202	(2,589)
Total comprehensive (loss)/income for the financial period	-	(2,791)	-	-	-	(25,561)	(28,352)	138	(28,214)
Transaction with owners	-	-	-	-	-	-	-	-	-
- Issuance of shares	17,352	-	-	-	-	-	17,352	-	17,352
- Disposal of subsidiaries	-	5,024	-	-	-	-	5,024	-	5,024
- Expiry of Warrant B	-	-	(2,018)	2,018	-	-	-	-	-
	17,352	5,024	(2,018)	2,018	-	-	22,376	-	22,376
As at 30 June 2020 (unaudited)	121,399	3,323	20,967	(20,967)	1,465	(57,189)	68,998	(1,519)	67,479



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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2020**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)**

	[----- Non-distributable -----]					Distributable			
	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	Non- controlling interests RM'000	Total RM'000
As at 1 July 2018 (audited)	104,047	(6,304)	22,985	(22,985)	1,465	(10,938)	88,270	(1,739)	86,531
Effect of adopting MFRS 9	-	-	-	-	-	18	18	-	18
As at 1 July 2018, restated	104,047	(6,304)	22,985	(22,985)	1,465	(10,920)	88,288	(1,739)	86,549
Loss/(Profit) for the financial period	-	-	-	-	-	(20,603)	(20,603)	41	(20,562)
Other comprehensive income/(loss) for the financial period									
- Remeasurement gain on net defined benefit liability, net of tax	-	-	-	-	-	31	31	-	31
- Exchange translation differences, net of tax	-	7,394	-	-	-	-	7,394	41	7,435
Total comprehensive income/(loss) for the financial period	-	7,394	-	-	-	(20,572)	(13,178)	82	(13,096)
As at 30 June 2019 (audited)	104,047	1,090	22,985	(22,985)	1,465	(31,492)	75,110	(1,657)	73,453

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year To Date 30.06.2020 RM'000 (unaudited)</b>	<b>Preceding Year To Date 30.06.2019 RM'000 (audited)</b>
<b>Operating activities</b>		
Loss before tax	(25,611)	(21,535)
Adjustments for:-		
Depreciation and amortisation	2,997	1,520
Bad debts written off	-	30
ESOS expenses	5,222	-
Impairment losses on financial assets	24,793	19,736
Impairment losses on intangible assets	12,351	-
Reversal of impairment losses on financial assets	-	(20)
Interest expenses	269	15
Interest income	(826)	(1,027)
Provision of defined benefit obligation	203	344
Revaluation gain on other investment	(248)	-
Gain on disposal of subsidiaries	(16,438)	-
Gain on disposal of property, plant and equipment	-	(2)
Impairment losses on other investment	-	497
Unrealised loss on foreign exchange	-	110
Operating profit/(loss) before working capital changes	2,712	(332)
Changes in working capital:-		
Receivables	(40,037)	(5,636)
Payables	38,067	(3,756)
Cash generated from/(used in) operations	742	(9,724)
Tax paid	(658)	(1,011)
Defined benefit obligation paid	(221)	(60)
Net cash used in operating activities	(137)	(10,795)
<b>Investing activities</b>		
Additions to intangible assets	(9,901)	(1,110)
Purchase of property, plant and equipment	(986)	(2,390)
Proceeds from disposal of subsidiaries	(7)	-
Proceeds from disposal of property, plant and equipment	-	2
Interest received	826	1,027
Net cash used in investing activities	(10,068)	(2,471)
<b>Financing activities</b>		
Interest paid	(269)	(15)
Proceeds from issuance of share capital	12,130	-
Repayment of lease liabilities	(575)	(98)
Net cash from/(used in) financing activities	11,284	(113)
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	1,079	(13,379)
Effects of changes in foreign exchange rate	81	(1,803)
Brought forward	17,455	32,637
Carried forward	18,615	17,455

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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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**

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**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 new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 January 2019.

The Group has adopted the following Amendments to Standards during the financial period.

**MFRS effective 1 January 2019**

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**A1. Basis of Preparation (Cont'd)**

The adoption of the above pronouncements did not have material impact on the financial statements of the Group and of the Company, except as follows:-

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 July 2019. Accordingly, the comparative information presented for the financial year ended 30 June 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

The financial impacts of the adoption of MFRS 16 to the Group in the current financial year are as below:

- (a) On the statements of profit or loss, operating lease rental which were previously included within Profit before tax, were replaced by interest expense on lease liabilities (included within “finance costs”) and depreciation of the right-of-use assets (included within “depreciation”); and
- (b) On the statements of cash flows, operating lease rental outflows which were previously recorded within “net cash flows from operating activities” were classified as “net cash flows used in financing activities” for repayment of the principal and interest of lease liabilities.

Other than the above, the Group elected to apply exemption for short-term leases of premises and equipment expiring within twelve (12) months and leases of low-value assets valued at less than RM20,000. The lease payments of these premises and equipment are recognised as an expense on a straight-line basis over the remaining lease terms as permitted by MFRS 16. This expense is presented within ‘administrative expenses’ in profit or loss.



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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**A1. Basis of Preparation (Cont'd)**

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 *Definition of a Business*

Amendment to MFRS 101 and  
MFRS 108 *Definition of material*

**MFRS effective 1 January 2021**

MFRS 17 *Insurance Contracts*#

**Amendments to MFRSs (deferred effective dates to be announced by MASB)**

Amendments to MFRS 10 and *Sale or Contribution of Assets between an Investor and its Associate or*  
MFRS 128 *Joint Venture*#

# *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.

**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 is no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter and period except for:-

- a. On 13 May 2020, the Company has offered options of 152,569,051 units with an exercise price of RM0.06 to eligible employees under its MTOUCHE ESOS.
- b. On 22 May 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 30,000,000 new ordinary shares at exercise prices of RM0.06 under MTOUCHE ESOS.

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**A6. Issues, Repurchases, and Repayments of Debt and Equity Securities (Cont'd)**

There is no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter and period except for (cont'd):-

- c. On 29 May 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 15,000,000 new ordinary shares at exercise prices of RM0.06 under MTOUCHE ESOS.
- d. On 2 June 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 40,000,000 new ordinary shares at exercise prices of RM0.06 under MTOUCHE ESOS.
- e. On 4 June 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 20,000,000 new ordinary shares at exercise prices of RM0.06 under MTOUCHE ESOS.
- f. On 10 June 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 47,569,051 new ordinary shares at exercise prices of RM0.06 under MTOUCHE ESOS.
- g. On 15 June 2020, the Company has offered options of 45,770,716 units with an exercise price of RM0.065 to eligible employees under MTOUCHE ESOS.
- h. On 16 June 2020, the Company has proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later

**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, 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
<b>Revenue</b>				
Sales to external customers	5,083	4,145	-	9,228
Total revenue	5,083	4,145	-	9,228
<b>Results</b>				
(Loss)/Profit before tax	(25,197)	297	(711)	(25,611)
Tax expenses	(14)	-	-	(14)
(Loss)/Profit for the period	(25,211)	297	(711)	(25,625)

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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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. Material Events Subsequent to the End of the Quarter**

On 10 July 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 70,690,327 new ordinary shares at issue prices of RM0.0587 under private placement.

On 24 July 2020, the issued and paid-up ordinary share capital was increased by way of issuance of 34,938,313 new ordinary shares at exercise prices of RM0.065 under MTOUCHE ESOS.

On 23 July 2020, the Company has proposed to undertake a private placement of up to 30% of the total number of issued shares of the Company to third party investor(s) to be identified later.

Other than disclosure above, there were no other material events subsequent to the end of the current financial quarter up to 21 August 2020.

**A11. Changes in Composition of the Group**

The Company had on 30 June 2020 entered into a Share Sale Agreement (“SSA”) with Dato’ Zaidi Bin Mat Isa @ Hashim (“Purchaser”) for the disposal of its 100% equity ordinary shares in mTouche Pte. Ltd. (Company No. 200206271M) (“MPL”) and its subsidiaries, Nastech Limited (Company No. 1164924) (“NASTECH”), and Mobile Fusion Pte. Ltd. (Company No. 200714727K) (“MFUSION”) for a total cash consideration of Singapore Dollar One Thousand (SGD1,000.00) for MPL, Hong Kong Dollar One Thousand (HKD1,000.00) for NASTECH and Singapore Dollar One Thousand (SGD1,000.00) for MFUSION.

The Company had on 30 June 2020 entered into a Share Sale Agreement (“SSA”) with Dato’ Zaidi Bin Mat Isa @ Hashim (“Purchaser”) for the disposal of its 100% equity ordinary shares in MBit Pte. Ltd. (Company No. 200705853W) (“MBIT”) for a total cash consideration of Singapore Dollar One Thousand (SGD1,000.00) only in accordance with the terms and conditions of the SSA.

Other than disclosure above, there were no other changes in the composition of the Group for the current financial quarter up to 21 August 2020.

**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.

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**A14. Capital Commitments**

Capital commitments not provided for in the financial statement as at 30 June 2020 are as follows:-

	<b>As at 30.06.2020 RM'000 (unaudited) RM'000</b>	<b>As at 30.06.2019 RM'000 Restated RM'000</b>
Authorised and contracted for:- - Property, plant and equipment	750	232

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

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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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 30.06.2020 RM'000 (unaudited) RM'000	Preceding Year Quarter 30.06.2019 RM'000 (unaudited) RM'000
Revenue	1,664	16,489
Gross profit	1,092	9,723
(Loss)/Profit before tax	(22,150)	4,185

The Group registered revenue of RM1.66 million for the three (3) months ended 30 June 2020. It marked a decrease of 89.9% or RM16.49 million as compared to preceding year quarter. Revenue from matured market recorded at RM0.90 million whereas revenue from emerging markets recorded at RM0.76 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

Despite the Company having an operating profit before working capital changes of RM2.7 million for the financial year, however loss before tax marked at RM22.2 million during the current financial quarter which largely resulted by impairment loss on financial assets of RM24.8 million, impairment loss on intangible assets of RM12.4 million and ESOS expenses of RM5.2 million, offset with gain on disposal of subsidiaries of RM16.4 million.

**Statement of Financial Position**

	As at 30.06.2020 RM'000 (unaudited) RM'000	As at 30.06.2019 RM'000 Restated RM'000
Total assets	79,483	88,595
Total liabilities	12,004	15,278

Total assets recorded an decrease of 10.3% or RM9.11 million as at current financial quarter. The decrease of the total assets mainly derived from impairment loss on intangible assets.

On the other hand, total liabilities recorded a decrease of 21.4%. which was largely due to decrease of payables by 16.9%.

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**B2. Review of Performance (Cont'd)**

**Statement of Cash Flows**

	As at 30.06.2020 RM'000 (unaudited) RM'000	As at 30.06.2019 RM'000 (audited) RM'000
Operating activities	(137)	(10,795)
Investing activities	(10,068)	(2,471)
Financing activities	11,284	(113)

The net cash used in operating activities during the current period amounted to RM0.14 million which was due to the better collection from receivables and higher payables as compare to the previous financial period.

Net cash used in investing activities during the current financial period amounted to RM10.01 million, it comprised of the additions of intangible assets amounted to RM9.9 million as mention in Section B2, Statement of Financial Position and acquisition in property, plant and equipment amounted to RM0.97 million to support current business model and upgrading current facilities in the regions.

The net cash from financing activities during the current financial period was mainly contributed by proceed of issuance of share capital, interest expenses paid, repayment of lease liabilities and repayment of finance lease liabilities.

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

	Current Year Quarter 30.06.2020 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 31.03.2020 RM'000 (unaudited) RM'000
Revenue	1,664	1,201
Loss before tax	(22,150)	(3,329)

The Group recorded loss before tax of RM22.15 million during the financial quarter comparing to loss before tax RM3.32 million in the preceding quarter which largely resulted by the impairment losses on intangible assets and financial assets in current year quarter.

**B4. Commentary on Prospects**

COVID-19 began as a health crisis, gradually developing into a global economic crisis at a pace and scale that we have not seen in our lifetime. The severe impact of COVID-19 and the Government's enforced Movement Control Order (MCO), Lockdown or Curfew throughout our businesses and operations in Malaysia, Thailand, Indonesia, Vietnam and Hong Kong is unprecedented.

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**B4. Commentary on Prospects (Cont'd)**

These effects were evidence on our services across the region that we served include the completed Iconic Sports Apps, Global Data SIM and existing SMS and Apps subscription-based content, which includes some of the newly developed marketing platform has been badly affected.

Delays in receivables, decreases in demand contributing to declines in revenue, adaptation to new operations and processes, as well as clarity about the new normal and the subsequent expectations of the Government of respective countries we served had created other challenges to the Management and the Group.

The advent of COVID-19 has revealed potential weak links in our sector, and the pace and significance of solving these weak links had changed dramatically, pushing forward many decisions and discussions.

Although it remains uncertain when and how the COVID-19 pandemic can be tamed, under current circumstances, the main aim of the operational reviews will be to rationalise existing revenue portfolio and achieve cost efficiency in the midst of the COVID-19 pandemic induced shifts in customers' behaviours and employees' expectations.

A top-down cash management processes, re-prioritizing of business activities, enhancing remotes working approaches with technical and connectivity support has been carried out to find changes or improvisations to ride the waves of adversities.

The Group has entered into the healthcare sector during this COVID-19 pandemic and is engaged in importation and distribution of COVID-19 (SAR-CoV-2) RT-PCR and Antibody test kits from various manufacturing and distribution partners in Australia, China and South Korea to assist the Government in combating this pandemic. A total of 5 test kits were duly submitted to the Medical Devices Authority (MDA), a division of Ministry of Health (MoH), Malaysia under the Special Access Application for approval. The Group may consider a diversification upon receiving final approval by the MDA for the Group to start commercialising and distributing and distribute the COVID-19 test kits into the market.

**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.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

**B8. Tax (Income)/Expenses**

	<b>Current Year Quarter 30.06.2020 RM'000 (unaudited)</b>	<b>Cumulative Year To Date 30.06.2020 RM'000 (unaudited)</b>
Current tax income:		
- Malaysian income tax	-	-
- Foreign tax	-	-
	-	-
Deferred tax	(21)	14
<b>Total</b>	<b>(21)</b>	<b>14</b>

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**

On 16 June 2020, the Company has proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor, the proposed private placement had completed on 10 July 2020.

On 23 July 2020, the Company has proposed to undertake a private placement of up to 30% of the total number of issued shares of the Company to third party investor(s) to be identified later, subject to shareholders' approval on the forthcoming Extraordinary General Meeting.

Other than disclosure above, there were no corporate proposals announced and completed as at 21 August 2020.



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

**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
<b>Total</b>	<b>76,243</b>	<b>68,743</b>	<b>7,500</b>				

# In the process of revising the unutilised funds term and conditions

**B11. Borrowings and Debts Securities**

There were no borrowings or debt securities in the Group as at 30 June 2020.

**B12. Material Litigation**

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

**B13. Dividends**

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

**B14. (Losses)/Earnings per shares**

	<b>Current Year Quarter 30.06.2020</b>	<b>Preceding Year Quarter 30.06.2019</b>	<b>Current Year To Date 30.06.2020</b>	<b>Preceding Year To Date 30.06.2019</b>
(Losses)/Earnings attributable to ordinary shareholders of the Company (RM'000)	(22,131)	4,686	(25,561)	(20,605)
Weighted average number of ordinary shares in issue ('000)	706,903	508,564	523,687	508,564
Basic & diluted (losses)/earnings per share (sen)	(3.13)	0.92	(4.88)	(4.05)

The diluted (losses)/earnings 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**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30.06.2020 RM'000</b>	<b>Preceding Year Quarter 30.06.2019 RM'000</b>	<b>Current Year To Date 30.06.2020 RM'000</b>	<b>Preceding Year To Date 30.06.2019 RM'000</b>
Interest income	(616)	41	(826)	(1,027)
Gain on disposal of property, plant and equipment	-	1	-	(2)
Gain on disposal of subsidiaries	(16,438)	-	(16,438)	-
Other income	(2,057)	-	(3,446)	(219)
Depreciation and amortisation	512	509	2,997	1,520
Foreign exchange (gain)/losses	(1,097)	92	(1,643)	110
Impairment losses on financial assets	24,643	-	24,793	19,736
Impairment losses on intangible assets	12,351	-	12,351	-
Interest expenses	106	-	269	15
Revaluation loss on other investment	(496)	-	(248)	-
ESOS expenses	5,202	-	5,202	-
Provision of defined benefit obligation	-	-	269	344

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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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2020**

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**B17. Trade Receivables**

	<b>As at 30.06.2020 RM'000 (unaudited) RM'000</b>	<b>As at 30.06.2019 RM'000 (audited) RM'000</b>
Neither past due nor impaired	667	2,705
Past due but not impaired:		
1-30 days	280	3,930
31-60 days	338	438
61-90 days	40	27
91-365 days	25	2,750
More than 365 days	5,694	3,079
Past due and impaired	14,617	24
	21,661	12,953

**B18. Material Impairment of Assets**

The Group had provided RM12.4 million for impairment loss on intangible assets during the current financial quarter.

Other than disclosure above, there was no other 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 August 2020**