
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2022

The Board of Directors of mTouche Technology Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2022 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September (“FYE”) 2022 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Period Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Period-to-date 31.12.2022 RM'000	Preceding Year-to-date 31.12.2021 RM'000
Revenue	A9	2,493	1,391	2,493	1,391
Cost of sales		(1,409)	(1,005)	(1,409)	(1,005)
Gross profit		1,084	386	1,084	386
Other income		316	563	316	563
Administrative expenses		(956)	(1,151)	(956)	(1,151)
Other expenses		(3,362)	(1,635)	(3,362)	(1,635)
Finance costs		(4)	(30)	(4)	(30)
Loss before tax		(2,922)	(1,867)	(2,922)	(1,867)
Tax expenses	B7	-	-	-	-
Loss for the financial period		(2,922)	(1,867)	(2,922)	(1,867)
Other comprehensive loss:-					
Item that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operation, net of tax		1,531	450	1,531	450
Other comprehensive income for the financial period, net of tax		1,531	450	1,531	450
Total comprehensive loss for the financial period		(1,391)	(1,417)	(1,391)	(1,417)
Loss for the financial period attributable to:-					
- Owners of the Company	B13	(2,754)	(1,871)	(2,754)	(1,871)
- Non-controlling interests		(168)	4	(168)	4
		(2,922)	(1,867)	(2,922)	(1,867)

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Current Period Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Period-to-date 31.12.2022 RM'000	Preceding Year-to-date 31.12.2021 RM'000
Total comprehensive loss attributable to:-					
- Owners of the Company		(1,614)	(1,422)	(1,614)	(1,422)
- Non-controlling interests		223	5	223	5
		(1,391)	(1,417)	(1,391)	(1,417)
Losses per share attributable to the owner of the company					
Basic (sen)	B13	(0.30)	(0.20)	(0.30)	(0.20)
Diluted (sen)		(0.30)	(0.20)	(0.30)	(0.20)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2022 RM'000 (unaudited)	As at 30.09.2022 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	19,718	19,306
Right-of-use assets	545	644
Intangible assets	22,128	22,654
Deferred tax assets	2,267	2,177
	44,658	44,781
Total non-current assets		
Current assets		
Trade receivables	11,027	10,158
Other receivables	30,723	29,052
Other investments	85	85
Tax recoverable	347	130
Cash and bank balances	64,166	66,335
	106,348	105,760
Total current assets		
Total assets	151,006	150,541
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the company		
Share capital	242,386	242,386
Reserves	(3,356)	(4,887)
Accumulated losses	(93,754)	(91,000)
	145,276	146,499
Non-controlling interests	(1,676)	(1,731)
Total equity	143,600	144,768
LIABILITIES		
Non-current liabilities		
Lease liabilities	533	397
Defined benefits obligations	390	569
Total non-current liabilities	923	966
Current liabilities		
Trade payables	3,153	2,009
Other payables	3,191	2,586
Lease liabilities	139	212
Total current liabilities	6,483	4,807
Total liabilities	7,406	5,773
Total equity and liabilities	151,006	150,541
Net assets per share (sen)	15.55	20.48



MTOUCHE TECHNOLOGY BERHAD
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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 October 2022	242,386	(6,352)	39,716	(39,716)	1,465	(91,000)	146,499	(1,731)	144,768
Loss for the financial period	-	-	-	-	-	(2,754)	(2,754)	(168)	(2,922)
Other comprehensive income for the financial period - Exchange translation differences, net of tax	-	1,531	-	-	-	-	1,531	223	1,754
Total comprehensive loss for the financial period	-	1,531	-	-	-	(2,754)	(1,223)	55	(1,168)
As at 31 December 2022	242,386	(4,821)	39,716	(39,716)	1,465	(93,754)	145,276	(1,676)	143,600
	[----- 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 October 2021	242,386	(3,717)	39,716	(39,716)	1,465	(80,086)	160,048	(1,685)	158,363
Loss for the financial period	-	-	-	-	-	(1,871)	(1,871)	4	(1,867)
Other comprehensive income for the financial period - Exchange translation differences, net of tax	-	450	-	-	-	-	450	5	455
Total comprehensive loss for the financial period	-	450	-	-	-	(1,871)	(1,421)	9	(1,412)
As at 31 December 2021	242,386	(3,267)	39,716	(39,716)	1,465	(81,957)	158,627	(1,676)	156,951

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000
Operating activities		
Loss before tax	(2,922)	(1,867)
Adjustments for:-		
Depreciation and amortisation	1,289	448
Interest expenses	4	30
Interest income	(318)	(557)
Provision of defined benefit obligation	117	(4)
Revaluation loss on other investment	-	381
Unrealised loss on foreign exchange	1,735	239
	(95)	(1,330)
Operating loss before working capital changes		
Changes in working capital:-		
Receivables	(528)	3,403
Payables	1,733	(1,425)
	1,110	648
Cash generated from operations		
Tax paid	(210)	(67)
	900	581
Net cash from operating activities		
Investing activities		
Additions to intangible assets	(720)	(244)
Purchase of property, plant and equipment	(823)	(128)
Interest received	318	557
	(1,225)	185
Net cash (used in)/from investing activities		
Financing activities		
Interest paid	(4)	(30)
Payment of lease liabilities	(320)	(122)
	(324)	(152)
Net cash used in financing activities		
CASH AND CASH EQUIVALENTS		
Net (decrease)/increase	(649)	614
Effects of changes in foreign exchange rate	(1,519)	(1,062)
Brought forward	66,334	101,295
	64,166	100,847
Carried forward		



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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Current Period	Preceding Year
	Quarter	Quarter
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash and cash equivalents at the end of the financial period comprise the following:-		
Cash and bank balances	48,257	85,255
Fixed deposits with maturity of three months or more	<u>15,909</u>	<u>15,592</u>
	<u>64,166</u>	<u>100,847</u>

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2022

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 FYE 2022 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 FYE 2022.

A2. Accounting Policies

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 FYE 2022 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 2022.

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

MFRS effective for financial periods beginning on or after 1 January 2022

Amendment to MFRS 3	<i>Business Combinations- Reference to the Conceptual Framework</i>
Amendment to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract</i>
Amendment to MFRS 1	<i>First time Adoption of Malaysian Financial Reporting Standards - Annual Improvements to MFRS Standards 2018-2020</i>
Amendment to MFRS 9	<i>Financial Instruments - Annual Improvements to MFRS Standards 2018-2020</i>

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.

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A2. Accounting Policies (Cont'd)

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

MFRS effective for financial periods beginning on or after 1 January 2023

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 4	<i>Insurance Contracts – Extension of the temporary exemption from applying MFRS 9</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendment to MFRS 101	<i>Presentation of Financial Statements - Classification of liabilities as current or non-current</i>
Amendment to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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.

A3. Auditors' Report on the Preceding Annual Financial Statements

The auditor's report on the latest audited financial statements for the FYE 2022 was not subject to any audit qualification.

A4. 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.

A5. 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.

A6. 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.

A7. Issues, Repurchases, and Repayments of Debt and Equity Securities

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

A8. Dividends Paid

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

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A9. 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.

The segmental information are as follows:-

	Matured markets RM'000	Emerging markets RM'000	Elimination RM'000	Total RM'000
Revenue				
Sales to external customers	2,350	143	-	2,493
Inter-segment sales	-	-	-	-
Total revenue	2,350	143	-	2,493
Results				
Loss before tax	(2,711)	(211)	-	(2,922)
Tax income	-	-	-	-
Loss for the period	(2,711)	(211)	-	(2,922)

A10. Valuation of Property, Plant and Equipment

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

A11. Material Events Subsequent to the End of the Quarter

There were no other material events subsequent to the end of the current financial quarter up to 20 February 2023.

A12. Changes in Composition of the Group

There were no other changes in the composition of the Group for the current financial quarter up to 20 February 2023.

A13. Contingent Assets or Changes on Contingent Liabilities

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

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A14. 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.

A15. Fair Value Measurement

The financial assets maturing within the next 12 months reasonably approximate their fair values due to the relatively short-term maturity of the financial instruments.

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	As at 31.12.2022 RM'000	As at 30.09.2022 RM'000
<u>Level 1</u>		
Other investments	85	85

There were no transfers between level 1 and level 2 in the reporting period.

The carrying amounts of other financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date except as indicated in their respective notes.

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2022.

A16. Capital Commitments

There were no 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

Group Results	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Period Period to Date 31.12.2022 RM'000	Preceding Year Year to Date 31.12.2021 RM'000
Revenue	2,493	1,391	2,493	1,391
Gross profit	1,084	386	1,084	386
Loss before tax	(2,922)	(1,867)	(2,922)	(1,867)

The Group revenue for the current quarter under review of was RM2.49 million. The revenue was generated mainly from:-

- mTouche (Thailand) Co. Ltd. on improved messaging content services and ThaiToon apps; and
- mTouche International Sdn. Bhd. on sales of SMS Broadcast Platform project.

The Group recorded loss before tax for the current quarter under review of RM2.92 million which was mainly due to depreciation of property, plant and equipment and amortisation of intangible assets of RM1.29 million, unrealised loss on foreign exchange of RM1.74 million.

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

	Current Period Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000
Revenue	2,493	4,968
Loss before tax	(2,922)	(6,960)

The Group recorded loss before tax of RM2.92 million during the financial quarter comparing to loss before tax of RM6.96 million in the immediate preceding quarter, a decrease of 58.0% which was due to RM0.75 million consultancy services incurred for OTT platform project, depreciation of property, plant and equipment, amortisation of intangible assets of RM3.35 million and impairment loss on intangible assets of RM3.81 million immediate preceding financial quarter.

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B3. Commentary on Prospects

The Covid-19 pandemic has had a detrimental influence on the world economy as a whole, and the Group is not immune to these impacts. The world economy is anticipated to gradually rebound in the near future as the Covid-19 pandemic progressively recedes and containment measures are relaxed, including the reopening of international borders.

Regarding the Group's core businesses, which include telco services, digital media contents, and advertising, the Group will keep putting more effort into streamlining its operations, pursuing improvements in its goods and services along with other initiatives like brand-rebuilding, continuing to release new apps to meet consumer demand, and increasing operational effectiveness.

The Group recently purchased two (2) lots of commercial properties at Troika KLCC, which is strategically located at KL City Centre for the Group's long-term sustainable recurring income business. This was done as part of the Group's diversification into Healthcare related businesses to set up its lifestyle Wellness and Recovery services. Meanwhile, the demand for Covid-19 test kits sold by the Group has decreased, and there is now more competition from other distributors and a lower profit margin.

Based on the aforementioned, the Group is cautiously anticipating the long-term policies of the Malaysian government that will lead to more regulations that are consistent on economic activity, clarity for corporate operations, and improved attitudes toward consumer confidence.

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

The Group has no tax liability during the current financial quarter.

B8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 20 February 2023.

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B9. Utilisation of Proceeds Raised from Corporate Proposal

i) On 3 June 2021, the proceeds raised from the renounceable rights issue with free detachable warrants amounting RM79.43 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	%	
Expansion of the Distribution and Sale of Test Kits Business	10,000	10,000	-	Within 12 months	-	-	N/A
Funding for the Wellness Business	56,000	-	56,000	within 36 months	-	-	N/A
Working capital	12,432	6,012	6,420	within 24 months	-	-	N/A
Expenses in relation to the Corporate Exercise	1,000	1,000	-	Immediate	-	-	N/A
Total	79,432	14,130	62,420				

B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 20 February 2023.

B11. Material Litigation

There were no other significant changes in material litigation as at 20 February 2023.

B12. Dividends

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

B13. Losses per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31.12.2022	Preceding Year Quarter 31.12.2021	Current Period Period to Date 31.12.2022	Preceding Year Year to Date 31.12.2021
Losses attributable to ordinary shareholders of the Company (RM'000)	(2,754)	(1,871)	(2,754)	(1,871)
Weighted average number of ordinary shares in issue ('000)	926,719	926,719	926,719	926,719
Basic & diluted losses per share (sen)	(0.30)	(0.20)	(0.30)	(0.20)

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.

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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:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Period Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Period to Date 31.12.2022 RM'000	Preceding Year to Date 31.12.2021 RM'000
Interest income	(318)	(557)	(318)	(557)
Depreciation and amortisation	1,289	448	1,289	448
Foreign exchange loss	1,731	235	1,731	235
Interest expenses	4	30	4	30
Revaluation loss on other investment	-	381	-	381

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.

B16. Trade Receivables

	As at 31.12.2022 RM'000 (unaudited)	As at 30.09.2022 RM'000 (audited)
Neither past due nor impaired	11,027	8,276
Past due but not impaired:		
1-30 days	-	480
31-60 days	-	3
More than 60 days	19,177	14,677
Past due and impaired	(19,177)	(13,278)
	11,027	10,158

By Order of the Board,

NG SALLY (MAICSA 7060343)
GOH XIN YEE (LS 0010359)
Company Secretary
27 February 2023