

APPENDIX II

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 7-MONTH
FINANCIAL PERIOD ENDED 31 JULY 2018**



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2018

	Unaudited		Audited
	As at 31 July		As at 31 Dec
	2017 (RM'000)	2018 (RM'000)	2017 (RM'000)
ASSETS			
Non-current assets			
Equipment	769	2,733	2,090
Intangible assets	192	67	148
Other asset	70	66	68
Total non-current assets	1,031	2,866	2,306
Current assets			
Trade receivables	3,141	4,220	7,443
Other receivables, deposits and prepayments	4,275	2,820	2,532
Amount owing by related parties	1,486	-	-
Current tax assets	91	152	90
Fixed deposits with a licensed bank	11	12	11
Cash and bank balances	2,925	2,636	1,408
Total current assets	11,929	9,840	11,484
TOTAL ASSETS	12,960	12,706	13,790
EQUITY			
Share capital	6,564	8,249	500
Merger deficit	(6,104)	(6,104)	-
Reserves	9,851	6,170	6,531
Equity attributable to owners of the Company	10,311	8,315	7,031
Non-controlling interests	(1,578)	18	(519)
TOTAL EQUITY	8,733	8,333	6,512
LIABILITIES			
Non-current liabilities			
Hire purchase payables	329	244	292
Deferred tax liabilities	26	26	26
Total non-current liabilities	355	270	318
Current liabilities			
Trade payables	2,857	2,802	4,816
Other payables and accruals	912	1,199	1,395
Amount owing to related parties	-	-	633
Hire purchase payables	90	90	91
Current tax liabilities	13	12	25
Total current liabilities	3,872	4,103	6,960
TOTAL LIABILITIES	4,227	4,373	7,278
TOTAL EQUITY AND LIABILITIES	12,960	12,706	13,790



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 JULY 2018

	Unaudited	
	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Revenue	10,397	9,563
Cost of sales	(1,063)	(1,739)
Gross Profit	9,334	7,824
Other income	361	198
Selling and distribution expenses	(3,348)	(1,135)
Administrative expenses	(2,487)	(4,639)
Other expenses	(161)	(595)
Finance costs	(20)	(15)
Profit before taxation	3,679	1,638
Income tax expense	(7)	(14)
Profit after taxation	3,672	1,624
Other comprehensive income		
Items that may be Reclassified subsequently to Profit or Loss		
Foreign Currency translation differences	(290)	67
Total comprehensive income for the financial period	3,382	1,691
Profit/(Loss) after taxation attributable to:		
Owners of the Company	3,685	1,161
Non-controlling interest	(13)	463
	3,672	1,624
Total Comprehensive income attributable to:		
Owners of the Company	3,380	1,221
Non-controlling interest	2	470
	3,382	1,691



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 JULY 2017

	Share Capital (RM'000)	Appropriated Legal reserve (RM'000)	Foreign Exchange Translation Reserve (RM'000)	Merger Deficit (RM'000)	Retained Profits (RM'000)	Attributable to owners of the Company (RM'000)	Non-controlling interest (RM'000)	Total Equity (RM'000)
As at 1 January 2017	460	20	602	-	5,849	6,931	(1,580)	5,351
Total income for the period	-	-	-	-	3,685	3,685	(13)	3,672
Foreign Currency Translation Differences for Foreign Operations	-	-	(305)	-	-	(305)	15	(290)
Total Comprehensive income for the financial period	-	-	(305)	-	3,685	3,380	2	3,382
Contribution by and distribution to owners of the Company	6,104	-	-	(6,104)	-	-	-	-
- Adjustment on acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 31 July 2017	6,564	20	297	(6,104)	9,534	10,311	(1,578)	8,733



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 JULY 2018

	Share Capital (RM'000)	Appropriated Legal reserve (RM'000)	Foreign Exchange Translation Reserve (RM'000)	Merger Deficit (RM'000)	Retained Profits (RM'000)	Attributable to owners of the Company (RM'000)	Non- controlling interest (RM'000)	Total Equity (RM'000)
As at 1 January 2018	6,604	20	16	(6,104)	6,495	7,031	(519)	6,512
Total income for the period	-	-	-	-	1,161	1,161	463	1,624
Foreign Currency Translation Differences for Foreign Operations	-	-	60	-	-	60	7	67
Total Comprehensive income for the financial period	-	-	60	-	1,161	1,221	470	1,691
Contribution by and distribution to owners of the Company	(76)	-	-	-	9	(67)	67	-
- Acquisition of non-controlling interest	1,721	-	-	-	-	1,721	-	1,721
- Issuance of shares	-	-	-	-	(1,591)	(1,591)	-	(1,591)
- Dividends	-	-	-	-	-	-	-	-
As at 31 July 2018	8,249	20	76	(6,104)	6,074	8,315	18	8,333



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 JULY 2018

	Unaudited	
	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Cash flows from operating activities		
Profit before taxation	3,679	1,638
<i>Adjustments for:</i>		
Amortisation of intangible assets	-	81
Bad debts written off	-	-
Depreciation of equipment	161	234
Equipment written off	-	-
Interest expense	20	15
Unrealised loss/(gain) on foreign exchange	(313)	280
Interest income	(13)	(2)
Waiver of debts	-	-
Operating (loss)/ profit before working capital changes	3,534	2,246
Increase in trade and other receivables	(35)	2,987
(Increase)/Decrease in amount owing by related parties	1,058	-
Increase/(Decrease) in trade and other payables	(4,489)	(2,120)
Decrease in amount owing to related parties	-	-
Cash generated from operations	68	3,113
Tax paid	(156)	(89)
Tax refund	235	-
Net cash from operating activities	147	3,024
Cash flows from investing activities		
Interest received	13	2
(Advances to)/ Repayment from related parties	1,283	(625)
Purchase of equipment	(119)	(872)
Net cash (for)/ from investing activities	1,177	(1,495)



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

	Unaudited	
	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Cash flows from financing activities		
Dividends paid	-	(1,591)
Repayment of hire purchase	(61)	(63)
Proceeds from issuance of ordinary shares	-	1,645
Net cash for financing activities	(61)	(9)
Net increase in cash and cash equivalents	1,263	1,520
Effects of foreign exchange translation	320	(291)
Cash and cash equivalents at the beginning of the financial year	1,353	1,419
Cash and cash equivalents at end of the financial period/year	2,936	2,648

[The rest of this page has been intentionally left blank]



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES

1. Basis of preparation

- 1.1 The unaudited interim financial statements of the Group have been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”), paragraph 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this unaudited interim financial statements.

- 1.2 During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements except as follows:

- (i) MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial period and prior years as the Group will apply the standard retrospectively from 1 January 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from additional reasonable and supportable information being made available to the Group in the future.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the rendering of services under the new standard are unlikely to be materially different from its current practice.

- 1.3 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 Jan 2019
MFRS 17 Insurance Contracts	1 Jan 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 Jan 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 Jan 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 Jan 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 Jan 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 Jan 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 Jan 2019

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

2. Seasonal or cyclical factors

Except for mobile advertising platform business, the business operations of the Group are not materially affected by any seasonal or cyclical factors. The mobile advertising platform business is dependent on the seasonal trend of the digital and mobile advertising spending.

3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flow during the 7-month FPE 31 July 2018.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

4. Changes in critical accounting estimates and judgements

There were no material changes in critical accounting estimates and judgements during the 7-month FPE 31 July 2018.

5. Segmental information

(i) Analysis of revenue by services

	7-month FPE 31 July			
	2017		2018	
	RM'000	%	RM'000	%
Mobile payment solutions	8,348	80.29	6,398	66.90
Mobile advertising platform	2,049	19.71	3,149	32.93
Internet services	-	-	16	0.17
Total	10,397	100.00	9,563	100.00

(ii) Analysis of revenue by geographical location

	7-month FPE 31 July			
	2017		2018	
	RM'000	%	RM'000	%
Malaysia	260	2.50	124	1.30
Thailand	8,599	82.71	6,807	71.18
Hong Kong	743	7.15	2,526	26.41
China	682	6.56	77	0.81
Singapore	67	0.64	-	-
Others ⁽¹⁾	46	0.44	29	0.30
Total	10,397	100.00	9,563	100.00

Note:

(1) Consists of customers, whom are advertisers, of our mobile advertising platform business from Indonesia, Seychelles, England and Netherlands.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

6. Profit before taxation

Included in the profit before taxation are the following (income) and expense:

	7-month FPE 31 July	
	2017	2018
	RM'000	RM'000
Depreciation and amortisation of assets	161	315
Assets written off and loss on disposal of assets	-	-(1)
Unrealised (gain)/ loss on foreign exchange	(313)	280
Realised (gain)/loss on foreign exchange	(34)	(167)
Interest income	(13)	(2)
Interest expense	20	15

Note:

(1) Negligible as amount is less than RM1,000.

7. Debt and equity securities

To facilitate the Company's Proposed Listing on the LEAP Market of Bursa Malaysia Securities Berhad, the following Pre-IPO Reorganisation was undertaken by the Company during the 7-month FPE 31 July 2018:

- (i) the share sale agreements between the Company and MCatch Co., Ltd to acquire the equity interests of MCatch (L) Bhd, MCOM Messaging Sdn Bhd, MCOM Network Sdn Bhd, MCOM Messaging (Thailand) Co., Ltd., Ivalent Co., Ltd., Streamer Tech Co., Ltd. and M-Media Co., Ltd ("Acquisitions") were completed on 25 July 2018. The purchase considerations for the Acquisitions were entirely satisfied through the issuance of 164,989,900 new ordinary Shares in the Company at RM0.05 each.

Please refer to Section 3.3 of the Information Memorandum for the details of the issuance of equity securities during 7-month FPE 31 July 2018.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

8. Dividends paid

Except for the dividend distributed by MCatch (L) Bhd prior to the Pre-IPO Reorganisation, there was no dividend made by the Company during the 7-month FPE 31 July 2018.

During 7-month FPE 31 July 2018, the following dividend was made by MCatch (L) Bhd on 23 May 2018 to its then sole shareholder, MCatch Co., Ltd:

	RM'000
Interim dividend made for the financial period ending 31 July 2018	
Single tier final dividend of USD 4,000 per ordinary share	<u>1,591</u>

The amount owed to MCatch Co., Ltd by MCatch (L) Bhd arising from dividend distribution was subsequently satisfied by issuance of new 400,000 ordinary shares in MCatch (L) Bhd of USD 1.00 each.

9. Changes in composition of the Group

To facilitate the Company's Proposed Listing on the LEAP Market of Bursa Malaysia Securities Berhad, the following Pre-IPO Reorganisation was undertaken by the Company during the 7-month FPE 31 July 2018:

- (i) the share sale agreements between the Company and MCatch Co., Ltd in relation to the Acquisitions were completed on 25 July 2018. The purchase considerations for the Acquisitions were entirely satisfied through the issuance of 164,989,900 new ordinary Shares in the Company at RM0.05 each.

Please refer to Section 3.3 of the Information Memorandum for the details of the Acquisitions.

10. Acquisition and disposal of equipment

During the 7-month FPE 31 July 2018, capital expenditure of RM872,000 was incurred mainly for the setting up of data centre in Phnom Penh of Kingdom of Cambodia for the commissioning of the internet services.

11. Capital commitments

There was no capital commitment that is authorized and/or contracted for as at 31 July 2018.



MCOM HOLDINGS BERHAD

(Company No: 1248277-X)
(Incorporated in Malaysia)

EXPLANATORY NOTES (CONT'D)

12. Contingent assets and liabilities

There were no material changes in contingent assets and liabilities during the 7-month FPE 31 July 2018.

13. Significant events occurring after the financial period

Subsequent to the 7-month FPE 31 July 2018, the following significant event occurred to facilitate the Company's Proposed Listing on the LEAP Market of Bursa Malaysia Securities Berhad:

- (i) the subscription of 4,714,000 new ordinary Shares in the Company for a cash consideration of RM 1,084,220 at an issue price of RM 0.23 each by Dato' Sri Chiang Fong Yee, which was completed on 16 October 2018.

14. Review of performance

During the 7-month FPE 31 July 2018, the Group's revenue is mainly derived from mobile payment solutions and mobile advertising platform which is summarised as follow:

	7-month FPE 31 July			
	2017		2018	
	RM'000	%	RM'000	%
Mobile payment solutions	8,348	80.29	6,398	66.90
Mobile advertising platform	2,049	19.71	3,149	32.93
Internet services	-	-	16	0.17
Total	10,397	100.00	9,563	100.00

Our Group's revenue was lower by approximately RM0.83 million or 8.02% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to lower revenue generated from our Group's mobile payment solutions business in Thailand as a result of lower content subscriptions in line with cutbacks in advertising spending by our Thailand subsidiaries in response to industry-level process enhancements.

However, our Group's revenue decline in the mobile payment solutions was partially cushioned by the increase in revenue for the mobile advertising platform due to higher mobile advertising spending since early 2018 by several new customers (advertisers) in Hong Kong in which our Group had secured in late 2017.