



**MCOM HOLDINGS BERHAD**

(Company No. 1248277-X)

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2018**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES  
BERHAD (“BURSA SECURITIES”)**

**THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY MCOM HOLDINGS BERHAD (“MCOM” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.**



**MCOM HOLDINGS BERHAD**

(Company No: 1248277-X)

(Incorporated in Malaysia)

**AUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.2018 RM'000	31.12.2017 <sup>(3)</sup> RM'000	31.12.2018 RM'000	31.12.2017 <sup>(3)</sup> RM'000
Revenue	7,615	9,210	16,555	18,643
Cost of Sales	(2,679)	(919)	(4,443)	(1,867)
<b>Gross Profit</b>	<b>4,936</b>	<b>8,291</b>	<b>12,112</b>	<b>16,776</b>
Other Income	24	238	226	503
Selling and distribution expenses	(59)	(761)	(1,113)	(4,023)
Administrative expenses	(4,239)	(3,564)	(8,106)	(5,680)
Other expenses	(486)	(508)	(724)	(645)
<b>Profit from operating activities</b>	<b>176</b>	<b>3,696</b>	<b>2,395</b>	<b>6,931</b>
Finance Costs	(8)	(9)	(21)	(28)
<b>Profit before tax</b>	<b>168</b>	<b>3,687</b>	<b>2,374</b>	<b>6,903</b>
Income tax expense	(248)	(266)	(261)	(272)
<b>(Loss)/Profit for the period</b>	<b>(80)</b>	<b>3,421</b>	<b>2,113</b>	<b>6,631</b>
Other comprehensive income	384	(265)	(66)	(538)
<b>Total comprehensive income for the period</b>	<b>304</b>	<b>3,156</b>	<b>2,047</b>	<b>6,093</b>
<b>(Loss)/Profit after taxation attributable to:</b>				
Owners of the Company	17	2,306	1,832	5,589
Non-controlling interest	(97)	1,115	281	1,042
	<b>(80)</b>	<b>3,421</b>	<b>2,113</b>	<b>6,631</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	317	2,032	1,772	5,003
Non-controlling interest	(13)	1,124	275	1,090
	<b>304</b>	<b>3,156</b>	<b>2,047</b>	<b>6,093</b>



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	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.2018 RM'000	31.12.2017 <sup>(3)</sup> RM'000	31.12.2018 RM'000	31.12.2017 <sup>(3)</sup> RM'000
EBITDA	590	3,887	3,047	7,258
Basic EPS <sup>(1)</sup> (Sen)	0.009	1.22	0.97	2.96
GP Margin (%)	64.81	90.02	73.16	89.99
PBT Margin (%)	2.21	40.03	14.34	37.03
(LAT)/PAT Margin (%)	(1.05)	37.14	12.76	35.57

**Notes:**

- (1) *Computed based on PAT attributable to the owners of the Company divided by its enlarged share capital of 188,559,908 shares after the proposed listing.*
- (2) *The basis of preparation of the Audited Condensed Statements of Comprehensive Income are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.*
- (3) *The comparative figures of the Group were presented based on the financial statements of the subsidiaries which were accounted for using the merger method of accounting, as the subsidiaries were under common control by the same party both before and after the acquisition by the Company, and that control is not transitory.*



**MCOM HOLDINGS BERHAD**

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	<b>Audited</b>	<b>Unaudited</b>
	<b>As at 31.12.2018</b>	<b>As at 31.12.2017<sup>(3)</sup></b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	2,924	2,090
Intangible assets	29	148
Other asset	69	68
<b>Total non-current assets</b>	<b>3,022</b>	<b>2,306</b>
<b>Current assets</b>		
Trade receivables	6,762	7,443
Other receivables, deposits and prepayments	2,363	2,532
Amount owing by related parties	12	-
Current tax assets	302	90
Fixed deposits with a licensed bank	12	11
Cash and bank balances	1,967	1,408
<b>Total current assets</b>	<b>11,418</b>	<b>11,484</b>
<b>TOTAL ASSETS</b>	<b>14,440</b>	<b>13,790</b>
<b>EQUITY</b>		
Share capital	9,334	6,604
Merger deficit	(6,104)	(6,104)
Reserves	6,721	6,531
<b>Equity attributable to owners of the Company</b>	<b>9,951</b>	<b>7,031</b>
Non-controlling interests	(178)	(519)
<b>TOTAL EQUITY</b>	<b>9,773</b>	<b>6,512</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Employee benefits obligation	84	-
Hire purchase payables	198	292
Deferred tax liabilities	70	26
<b>Total non-current liabilities</b>	<b>352</b>	<b>318</b>
<b>Current liabilities</b>		
Trade payables	3,093	4,816
Other payables and accruals	1,105	1,395
Amount owing to related parties	-	633
Hire purchase payables	97	91
Current tax liabilities	20	25
<b>Total current liabilities</b>	<b>4,315</b>	<b>6,960</b>
<b>TOTAL LIABILITIES</b>	<b>4,667</b>	<b>7,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,440</b>	<b>13,790</b>
<b>NET ASSETS PER SHARE<sup>(2)</sup> (RM)</b>	<b>0.05</b>	<b>0.04</b>



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*Notes:*

- (1) Net assets per share is calculated based on the Company's enlarged share capital of 188,559,908 shares after the proposed listing*
- (2) The basis of preparation of the Audited Condensed Statements of Financial Position are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.*
- (3) The comparative figures of the Group were presented based on the financial statements of the subsidiaries which were accounted for using the merger method of accounting, as the subsidiaries were under common control by the same party both before and after the acquisition by the Company, and that control is not transitory.*



**MCOM HOLDINGS BERHAD**

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**AUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 2017	6,564	20	602	(6,104)	5,849	6,931	(1,580)	5,351
Total income for the year	-	-	-	-	5,589	5,589	1,042	6,631
Foreign Currency Translation Differences for Foreign Operations	-	-	(586)	-	-	(586)	48	(538)
Total Comprehensive income for the financial year	-	-	(586)	-	5,589	5,003	1,090	6,093
Contribution by and distribution to owners of the Company								
- Acquisition of non-controlling interest	40	-	-	-	22	62	(62)	-
- Issuance of shares	<sup>(1)</sup>	-	-	-	-	<sup>(1)</sup>	33	33
- Dividends	-	-	-	-	(4,965)	(4,965)	-	(4,965)
As at 31 December 2017	<b>6,604</b>	<b>20</b>	<b>16</b>	<b>(6,104)</b>	<b>6,495</b>	<b>7,031</b>	<b>(519)</b>	<b>6,512</b>



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	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)
<b>As at 1 January 2018</b>	<b>6,604</b>	<b>20</b>	<b>16</b>	<b>(6,104)</b>	<b>6,495</b>	<b>7,031</b>	<b>(519)</b>	<b>6,512</b>
<b>Total income for the year</b>	-	-	-	-	<b>1,832</b>	<b>1,832</b>	<b>281</b>	<b>2,113</b>
<b>Foreign Currency Translation Differences for Foreign Operations</b>	-	-	<b>(60)</b>	-	-	<b>(60)</b>	<b>(6)</b>	<b>(66)</b>
<b>Total Comprehensive income for the financial year</b>	-	-	<b>(60)</b>	-	<b>1,832</b>	<b>1,772</b>	<b>275</b>	<b>2,047</b>
<b>Contribution by and distribution to owners of the Company</b>								
- Acquisition of non-controlling interest	(75)	-	-	-	9	(66)	66	-
- Issuance of shares	1,084	-	-	-	-	1,084	-	1,084
- Dividends	-	-	-	-	(1,591)	(1,591)	-	(1,591)
- Effects of restructuring exercise	1,721	-	-	-	-	1,721	-	1,721
<b>As at 31 December 2018</b>	<b>9,334</b>	<b>20</b>	<b>(44)</b>	<b>(6,104)</b>	<b>6,745</b>	<b>9,951</b>	<b>(178)</b>	<b>9,773</b>

Note:

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



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**AUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>CUMULATIVE 12 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	2,374	6,903
<i>Adjustments for:</i>		
Amortisation of intangible assets	119	44
Bad debts written off	-	314
Employee benefits obligation	82	-
Depreciation of equipment	533	283
Equipment written off	- <sup>(1)</sup>	4
Interest expense	21	28
Unrealised loss/(gain) on foreign exchange	72	(13)
Interest income	(5)	(23)
Waiver of debts	-	(436)
<b>Operating profit before working capital changes</b>	<b>3,196</b>	<b>7,104</b>
Decrease/(Increase) in trade and other receivables	1,049	(3,456)
(Increase)/Decrease in amount owing by related parties	(12)	4,014
(Decrease)/Increase in trade and other payables	(2,183)	(1,564)
(Decrease)/Increase in amount owing to related parties	(628)	845
<b>Cash generated from operations</b>	<b>1,422</b>	<b>6,943</b>
Tax paid	(435)	(170)
Interest paid	(21)	(28)
<b>Net cash from operating activities</b>	<b>966</b>	<b>6,745</b>





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	<b>CUMULATIVE 12 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Interest received	5	23
Purchase of equipment	(1,330)	(1,635)
<b>Net cash (for)/ from investing activities</b>	<b>(1,325)</b>	<b>(1,612)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,591)	(4,965)
Repayment of hire purchase	(87)	(78)
Proceeds from issuance of ordinary shares	2,805	33
<b>Net cash for financing activities</b>	<b>1,127</b>	<b>(5,010)</b>
<b>Net increase in cash and cash equivalents</b>	<b>768</b>	<b>123</b>
Effects of foreign exchange translation	(208)	(57)
Cash and cash equivalents at the beginning of the financial year	1,419	1,353
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,979</b>	<b>1,419</b>

*Note:*

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



## **MCOM HOLDINGS BERHAD**

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# **A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

## **A1 Compliance with Financial Reporting Standard and LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad**

### **Basis of Preparation**

The interim financial statements of MCOM are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

This is the first interim financial report on the financial results for the year ended 31 December 2018 announced by the Company in compliance with Paragraph 6.12 of the LEAP Market Listing Requirements of Bursa Securities ("**Listing Requirements**"). The comparative figures have been presented as if the combination has occurred from the date when the combining entities first came under common control.

The interim financial report should be read in conjunction with the Audited Financial Statements as disclosed in the Information Memorandum of the Company dated 23 January 2019 and the accompanying explanatory notes attached to this interim financial report.

### **Changes in Accounting Policies**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Auditors' Report in the Information Memorandum.

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRS and the Issues Committee ("IC") Interpretations which are mandatory for the financial periods beginning on or after 1 January 2018.

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



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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.

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 year 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, 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.



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### 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 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.

Based on the assessments undertaken, 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.

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 year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020



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Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 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 except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

### **A2 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Company are not significantly affected by any seasonal or cyclical factors.

### **A3 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no material unusual items affecting assets, liabilities, equity, net income and cash flow of the Company during the current financial period.



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**A4 MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates during the period ended 31 December 2018.

**A5 DEBTS AND EQUITY SECURITIES**

There were no other issuance, cancellation, repurchase, resales and repayment of debt and equity securities for the current financial year-to-date under review.



## MCOM HOLDINGS BERHAD

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### A6 SEGMENTAL INFORMATION

#### (i) Analysis of revenue by services

	INDIVIDUAL 6 MONTHS ENDED				CUMULATIVE 12 MONTHS ENDED			
	2018		2017		2018		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Mobile payment solutions	3,208	42.13	5,375	58.36	8,912	53.83	12,771	68.50
Mobile advertising platform	4,391	57.66	3,646	39.59	7,620	46.03	5,495	29.47
Internet services	16	0.21	-	-	17	0.10	-	-
Management fee	-	-	189	2.05	6	0.04	377	2.03
<b>Total</b>	<b>7,615</b>	<b>100.00</b>	<b>9,210</b>	<b>100.00</b>	<b>16,555</b>	<b>100.00</b>	<b>18,643</b>	<b>100.00</b>

#### (ii) Analysis of revenue by geographical location

	INDIVIDUAL 6 MONTHS ENDED				CUMULATIVE 12 MONTHS ENDED			
	2018		2017		2018		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	224	2.94	160	1.74	360	1.17	396	2.12
Thailand	3,081	40.46	5,610	60.91	9,158	55.32	13,295	71.31
Hong Kong	2,796	36.72	1,579	17.15	5,432	32.81	2,293	12.30
China	1,108	14.55	1,290	14.01	1,185	7.16	1,974	10.58
Singapore	-	-	462	5.02	-	-	530	2.84
Cambodia <sup>(1)</sup>	16	0.21	-	-	17	0.10	-	-
Others <sup>(2)</sup>	390	5.12	109	1.17	403	3.44	155	0.85
<b>Total</b>	<b>7,615</b>	<b>100.00</b>	<b>9,210</b>	<b>100.00</b>	<b>16,555</b>	<b>100.00</b>	<b>18,643</b>	<b>100.00</b>

Notes:

(1) Revenue from the provision of internet services.

(2) Consists of customers, whom are advertisers, of the Company's mobile advertising platform business from Indonesia, Seychelles, England, Switzerland, Turkey and Netherlands.

The Company's revenue is mainly derived from the provision of mobile advertising platform and mobile payment solutions. The Company has commenced providing internet services in Cambodia since June 2018.

The Company recorded a revenue of RM7.62 million during the 6-month period ended 31 December 2018 which was mainly contributed by the Company's mobile payment solutions and mobile advertising platform business segments with revenue contribution of 42.13% and 57.66% respectively.



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### A7 PROFIT BEFORE TAXATION

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

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation of assets	414	190	652	327
Assets written off and loss on disposal of assets	- <sup>(1)</sup>	4	- <sup>(1)</sup>	4
Unrealised (gain)/ loss on foreign exchange	77	298	72	(13)
Realised (gain)/loss on foreign exchange	(10)	286	(206)	(25)
(Interest income)	(3)	(11)	(5)	(23)
Interest expense	8	9	21	28

*Note:*

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

### A8 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Save as disclosed below, there were no material events subsequent to the end of the current financial period:

- (i) On 23 January 2019, the Company issued an Information Memorandum for the proposed placement of 18,856,000 new ordinary shares at an indicative issue price of RM0.28 to selected sophisticated investors ("**Proposed Placement**") and submitted an application for its proposed listing on LEAP Market to Bursa Malaysia Securities Berhad ("**Bursa Securities**").

Subsequently, on 22 February 2019, Bursa Securities granted the Company the approval to list its entire enlarged issued share capital of RM14,613,403 comprising 188,559,908 ordinary shares on the LEAP Market of Bursa Securities.

### A9 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as at the date of this interim financial report.





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**A10 CHANGES IN THE COMPOSITION OF THE COMPANY**

There were no material changes in the composition of the Company for the current financial period.

**A11 CAPITAL COMMITMENTS**

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Purchase of equipment	1,662	1,662	1,662	1,662

**B ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 REVIEW OF PERFORMANCE**

The Company's revenue decreased by approximately RM1.60 million or 17.32% during the 6-month period ended 31 December 2018 compared to the previous corresponding period, mainly due to lower revenue generated from the mobile payment solutions business in Thailand as a result of lower content subscriptions in line with cutbacks in advertising spending by the Thailand subsidiaries in response to industry-level process enhancements. However, the decrease in revenue for mobile payment solutions business segment was partially cushioned by the Company's increase in revenue for mobile advertising services by approximately RM0.75 million or 20.43% for the 6-month period ended 31 December 2018 compared to the previous corresponding period due to the increase in number of customers for the Company's online advertising pricing model in relation to Cost per click ("CPC"), where the advertiser pays a publisher when the advertisement is clicked.

In line with the decreased revenue, the Company's gross profit decreased by approximately RM3.36 million or 40.47% during the 6-month period ended 31 December 2018 compared to the previous corresponding period due to increase in cost of sales as a result of higher costs of engaging publishers for the Company's mobile advertising platform business. The gross profit margin during the 6-month period ended 31 December 2018 and 6-month period ended 31 December 2017 were 64.81% and 90.02% respectively.

The Company reported a lower profit before tax of approximately RM0.17 million during the 6-month period ended 31 December 2018 (6-month period ended 31 December 2017: approximately RM3.70 million) due to:



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- (a) decrease in other income by approximately RM0.21 million during the 6-month period ended 31 December 2018 compared to the previous corresponding period due to one-off income relating to waiver of debts granted by two suppliers during the 6-month period ended 31 December 2017. The two suppliers had previously provided mobile advertising and mobile content respectively to the Company; and
- (b) increase in administrative expenses by approximately RM0.68 million during the 6-month period ended 31 December 2018 compared to the previous corresponding period due to the expansion of the Company's business operations and the expenses in relation to the IPO during the financial period.

### **B2 PROSPECTS OF THE COMPANY**

As disclosed in the Information Memorandum of the Company dated 23 January 2019, MCOM has put in place a series of future plans as follows:

- (i) to increase the automation level in the mobile advertising platform's user interface;
- (ii) to enhance MCOM's mobile payment solution infrastructure;
- (iii) to offer a B2B2C platform; and
- (iv) to penetrate the Cambodia market by leveraging on MCOM's ISP licence and frequency licence.

There were no changes in the business direction of the Company which may have an impact on any of the business segments of the Company.

Further details of the MCOM's business strategies and future plans as well as prospects are disclosed in Sections 4.16 and 4.17 of the Information Memorandum.

### **B3 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE**

The Company has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.



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### B4 INCOME TAX EXPENSES

	<b>INDIVIDUAL 6 MONTHS ENDED 31.12.2017 RM'000</b>	<b>INDIVIDUAL 6 MONTHS ENDED 31.12.2018 RM'000</b>	<b>CUMULA- TIVE 12 MONTHS ENDED 31.12.2017 RM'000</b>	<b>CUMULA- TIVE 12 MONTHS ENDED 31.12.2018 RM'000</b>
Current tax expense:				
- for the financial year	236	291	307	302
- overprovision in the previous financial year	(30)	(87)	(35)	(85)
	266	204	272	217
Deferred tax expense:				
- for the financial year	-	44	-	44
	266	248	272	261

## C OTHER INFORMATION

### C1 STATUS OF CORPORATE PROPOSALS

#### Placement of Shares

On 23 January 2019, the Company issued an Information Memorandum in relation to the Proposed Placement and submitted an application for its proposed listing on LEAP Market to Bursa Securities.

Subsequently, on 22 February 2019, Bursa Securities granted the Company the approval to list its entire enlarged issued share capital of RM14,613,403 comprising 188,559,908 ordinary shares on the LEAP Market of Bursa Securities.

#### Listing

The Company's entire enlarged issued share capital of RM14,613,403 comprising 188,559,908 ordinary shares will be listed on the LEAP Market of Bursa Securities.

### C2 BORROWINGS AND DEBT SECURITIES

As at the reporting date, there were no short-term borrowings and the Company has not issued any debt securities.



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**C3 MATERIAL LITIGATION**

There are no material litigations pending as at the date of this report.

**C4 DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend as at the date of this report.

**C5 EARNINGS/(LOSS) PER SHARE**

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.18	31.12.17	31.12.18	31.12.17
Profit attributable to owners of the Company (RM)	17,251	2,306,342	1,831,992	5,588,810
Weighted average number of shares at end of period	165,971,450	164,989,902	165,971,450	164,989,902
Basic earnings per ordinary share (sen)	0.01	1.40	1.10	3.38

The weighted average number of ordinary shares in issue is computed as follows:

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31.12.18	31.12.17	31.12.18	31.12.17
Shares issued pursuant to:				
- Incorporation of the Company	2	2	2	2
- Acquisition of subsidiaries #	164,989,900	164,989,900	164,989,900	164,989,900
- Effect of issuance of new ordinary shares	981,548	-	981,548	-
	165,971,450	164,989,902	165,971,450	164,989,902



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# Ordinary shares arising from the acquisition of subsidiaries are assumed to be issued throughout the financial years ended 31 December 2018 and 2017 as the acquisition of subsidiaries was accounted under common control using the merger accounting method of consolidation.

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

Diluted earnings per share is not computed as the Company did not have any convertible financial instruments as at 31 December 2018.

### C6 UTILISATION OF PROCEEDS

As at 31 December 2018, the status of the utilisation of proceeds from the placement of RM5.28 million is as follows:

<b>Purpose of use</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Deviation RM'000</b>	<b>Balance RM'000</b>	<b>Expected time frame for the utilisation of proceeds (from listing date)</b>
Capital expenditure for internet service provision	2,900	(1,945)	-	955	Within 12 months
Capital expenditure for mobile advertising platform	880	(424)	-	456	Within 12 months
Listing expenses	1,500	(804)	-	696	Within 12 months
<b>Total estimated proceeds</b>	<b>5,280</b>	<b>(3,173)</b>	-	<b>2,107</b>	

Some of the above capital expenditure have been paid for by using the Group's internally-generated funds and will be replenished using the proceeds raised.