



**MCOM HOLDINGS BERHAD**  
(Registration No.: 201701034106 (1248277-X))  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2019**

**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.**



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**UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	INDIVIDUAL 6-MONTH ENDED		CUMULATIVE 12-MONTH ENDED	
	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
Revenue	15,334	7,615	18,172	16,555
Cost of Sales	(7,255)	(2,679)	(8,494)	(4,443)
<b>Gross Profit</b>	<b>8,079</b>	<b>4,936</b>	<b>9,678</b>	<b>12,112</b>
Other Income	162	24	208	226
Selling and distribution expenses	(12)	(59)	(16)	(1,113)
Administrative expenses	(4,077)	(4,239)	(7,850)	(8,106)
Other expenses	(596)	(486)	(971)	(724)
<b>Profit from operating activities</b>	<b>3,556</b>	<b>176</b>	<b>1,049</b>	<b>2,395</b>
Finance Costs	(24)	(8)	(31)	(21)
<b>Profit before tax ("PBT")</b>	<b>3,532</b>	<b>168</b>	<b>1,018</b>	<b>2,374</b>
Income tax expense	(970)	(248)	(971)	(261)
<b>Profit after tax ("PAT")/ Loss after tax ("LAT") for the period</b>	<b>2,562</b>	<b>(80)</b>	<b>47</b>	<b>2,113</b>
Other comprehensive (expense)/income	(106)	384	(85)	(66)
<b>Total comprehensive income for the period</b>	<b>2,456</b>	<b>304</b>	<b>(38)</b>	<b>2,047</b>
<b>PAT/ (LAT) attributable to:</b>				
Owners of the Company	1,074	17	615	1,832
Non-controlling interest	1,488	(97)	(568)	281
	<b>2,562</b>	<b>(80)</b>	<b>47</b>	<b>2,113</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,022	317	535	1,772
Non-controlling interest	1,434	(13)	(573)	275
	<b>2,456</b>	<b>304</b>	<b>(38)</b>	<b>2,047</b>



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	INDIVIDUAL 6-MONTH ENDED		CUMULATIVE 12-MONTH ENDED	
	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
EBITDA	3,909	590	1,775	3,047
Basic Earnings per share (“EPS”) <sup>(1)</sup> (Sen)	0.57	0.01	0.34	1.10
Gross profit Margin (%)	52.69	64.82	53.26	73.16
PBT Margin (%)	23.03	2.21	5.60	14.34
PAT/ (LAT) Margin (%)	16.71	(1.05)	0.26	12.76

**Notes:**

- (1) Computed based on PAT attributable to the owners of the Company divided by the weighted average number of ordinary shares in MCOM (“MCOM Shares” or “Shares”).
- (2) The basis of preparation of the unaudited Condensed Statements of Comprehensive Income are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.



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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Unaudited	Audited
	As at 31.12.2019	As at 31.12.2018
	(RM'000)	(RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	2,526	2,924
Intangible assets	-	29
Other assets	74	69
Right of use assets	176	-
<b>Total non-current assets</b>	<b>2,776</b>	<b>3,022</b>
<b>Current assets</b>		
Trade receivables	17,417	6,762
Other receivables, deposits and prepayments	2,652	2,375
Current tax assets	78	302
Fixed deposits with a licensed bank	52	12
Cash and bank balances	1,807	1,967
<b>Total current assets</b>	<b>22,006</b>	<b>11,418</b>
<b>TOTAL ASSETS</b>	<b>24,782</b>	<b>14,440</b>
<b>EQUITY</b>		
Share capital	14,374	9,334
Merger deficit	(6,104)	(6,104)
Reserves	7,256	6,721
<b>Equity attributable to owners of the Company</b>	<b>15,526</b>	<b>9,951</b>
Non-controlling interests	(751)	(178)
<b>TOTAL EQUITY</b>	<b>14,775</b>	<b>9,773</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Employee benefits obligation	165	84
Loans and borrowings	494	198
Deferred tax liabilities	9	70
<b>Total non-current liabilities</b>	<b>668</b>	<b>352</b>



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	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>Current liabilities</b>		
Trade payables	5,631	3,093
Other payables and accruals	2,324	1,105
Amount due to shareholder / directors	320	-
Loans and borrowings	164	97
Current tax liabilities	900	20
<b>Total current liabilities</b>	<b>9,339</b>	<b>4,315</b>
<b>TOTAL LIABILITIES</b>	<b>10,007</b>	<b>4,667</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,782</b>	<b>14,440</b>
<b>NET ASSETS PER SHARE<sup>(1)</sup> (RM)</b>	<b>0.0823</b>	<b>0.0586</b>

*Notes:*

- (1) *Net assets per share is calculated based on 169,703,908 MCOM Shares in issue as at 31 December 2018 and 188,559,908 MCOM Shares in issue as at 31 December 2019 respectively.*
- (2) *The basis of preparation of the unaudited Condensed Statements of Financial Position are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.*



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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	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 2019	9,334	20	(44)	(6,104)	6,745	9,951	(178)	9,773
Total income for the period	-	-	-	-	615	615	(568)	47
Foreign Currency Translation Differences for Foreign Operations	-	-	(80)	-	-	(80)	(5)	(85)
Total Comprehensive income/(expense) for the financial period	-	-	(80)	-	615	535	(573)	(38)
Contribution by and distribution to owners of the Company								
- Issuance of Shares	5,280	-	-	-	-	5,280	-	5,280
- Transaction cost	(240)	-	-	-	-	(240)	-	(240)
<b>As at 31 December 2019</b>	<b>14,374</b>	<b>20</b>	<b>(124)</b>	<b>(6,104)</b>	<b>7,360</b>	<b>15,526</b>	<b>(751)</b>	<b>14,775</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)
As at 1 January 2018	6,604	20	16	(6,104)	6,495	7,031	(519)	6,512
<b>Total income for the period</b>	-	-	-	-	1,832	1,832	281	2,113
<b>Foreign Currency Translation Differences for Foreign Operations</b>	-	-	(60)	-	-	(60)	(6)	(66)
<b>Total Comprehensive (expense)/income for the financial period</b>	-	-	(60)	-	1,832	1,772	275	2,047
<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>



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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2019**

	<b>CUMULATIVE 12-MONTH ENDED</b>	
	<b>Unaudited 31.12.2019 RM'000</b>	<b>Audited 31.12.2018 RM'000</b>
<b>Cash flows (to)/from operating activities</b>		
(Loss)/Profit before taxation	1,018	2,374
<i>Adjustments for:</i>		
Amortisation of intangible assets	29	119
Employee benefits obligation	73	82
Depreciation of equipment	697	533
Equipment written off	36	-(1)
Interest expense	31	21
Unrealised loss/(gain) on foreign exchange	117	72
Interest income	(5)	(5)
<b>Operating profit before working capital changes</b>	<b>1,996</b>	<b>3,196</b>
(Increase)/Decrease in trade and other receivables	(10,755)	1,049
Increase in amount owing by related parties	12	(12)
Decrease in trade and other payables	3,548	(2,183)
Increase in lease payables	(177)	-
Decrease in amount owing to related parties	-	(628)
<b>Cash (used in)/generated from operations</b>	<b>(5,376)</b>	<b>1,422</b>
Tax refund/(paid)	85	(435)
Interest paid	(31)	(21)
<b>Net cash (used in)/from operating activities</b>	<b>(5,322)</b>	<b>966</b>
<b>Cash flows to investing activities</b>		
Interest received	5	5
Purchase of equipment	(137)	(1,330)
<b>Net cash used in investing activities</b>	<b>(132)</b>	<b>(1,325)</b>





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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2019**

	<b>CUMULATIVE 12-MONTH ENDED</b>	
	<b>Unaudited 31.12.2019 RM'000</b>	<b>Audited 31.12.2018 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1,591)
Bank borrowing	260	-
Repayment of hire purchase	(100)	(87)
Repayment of bank borrowings	(8)	
Advances from directors	320	
Proceeds from issuance of ordinary shares	5,040	2,805
<b>Net cash from financing activities</b>	<b>5,512</b>	<b>1,127</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>58</b>	<b>768</b>
Effects of foreign exchange translation	(178)	(208)
Cash and cash equivalents at the beginning of the financial period	1,979	1,419
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,859</b>	<b>1,979</b>
<b>Cash and cash equivalents at end of the financial period comprises of:</b>		
Fixed deposits with a licensed bank	52	12
Cash and bank balances	1,807	1,967
	<b>1,859</b>	<b>1,979</b>

*Note:*

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



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## **A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

### **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 and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 in the Audited Financial Statements for the financial year ended 31 December 2018.

The Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) during the financial year ended 31 December 2019:-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan, Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 140: Transfers of Investment Property

Annual Improvements to MFRS Standards 2015 – 2017 Cycles



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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 16 Leases

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) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

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 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020

**A2 SEASONAL OR CYCLICAL FACTORS**

Except for our mobile advertising platform business, the business operations of our 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.



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**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 Group during the current financial period.

**A4 MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates during the period ended 31 December 2019.

**A5 DEBTS AND EQUITY SECURITIES**

Save as disclosed below, there were no other issuance, cancellation, repurchase, resales and repayment of debt and equity securities for the current financial year-to-date under review:

The Company issued 18,856,000 MCOM Shares at RM0.28 per share to sophisticated investors on 25 June 2019 in conjunction with the listing on the LEAP Market of Bursa Securities on 3 July 2019.

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**A6 SEGMENTAL INFORMATION**

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

	INDIVIDUAL 6-MONTH ENDED				CUMULATIVE 12-MONTH ENDED			
	2019		2018		2019		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Mobile payment solutions	3,805	24.81	3,208	42.13	5,792	31.88	8,912	53.83
Mobile advertising platform	11,502	75.01	4,391	57.66	12,352	67.97	7,620	46.03
Internet services	27	0.18	16	0.21	28	0.15	17	0.10
Management fee	-	-	-	-	-	-	6	0.04
<b>Total</b>	<b>15,334</b>	<b>100.00</b>	<b>7,615</b>	<b>100.00</b>	<b>18,172</b>	<b>100.00</b>	<b>16,555</b>	<b>100.00</b>

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

	INDIVIDUAL 6-MONTH ENDED				CUMULATIVE 12-MONTH ENDED			
	2019		2018		2019		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	296	1.93	224	2.94	551	3.03	360	2.17
Thailand	3,504	22.85	3,081	40.46	5,241	28.84	9,158	55.32
Hong Kong	10,332	67.38	2,796	36.72	11,093	61.05	5,432	32.81
China	309	2.02	1,108	14.55	333	1.83	1,185	7.16
Singapore	803	5.24	-	-	862	4.75	-	-
Cambodia <sup>(1)</sup>	27	0.17	16	0.21	28	0.15	17	0.11
Others <sup>(2)</sup>	63	0.41	390	5.12	64	0.35	403	2.43
<b>Total</b>	<b>15,334</b>	<b>100.00</b>	<b>7,615</b>	<b>100.00</b>	<b>18,172</b>	<b>100.00</b>	<b>16,555</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 segment from Indonesia, Turkey, Canada and Germany.*

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

The Group recorded a revenue of RM15.33 million during the 6-month period ended 31 December 2019 which was mainly contributed by the mobile advertising platform and mobile payment solutions business segments with revenue contribution of 75.01% and 24.81% respectively.



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**A7 PBT**

Included in the PBT are the following (income) and expenses:

	INDIVIDUAL 6-MONTH ENDED		CUMULATIVE 12-MONTH ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation of assets	353	414	726	652
Assets written off and loss on disposal of assets	2	- <sup>(1)</sup>	36	- <sup>(1)</sup>
Unrealised (gain)/ loss on foreign exchange	124	77	117	72
Realised (gain)/loss on foreign exchange	(5)	(10)	(54)	(206)
(Interest income)	(5)	(3)	(5)	(5)
Interest expense	24	8	31	21

*Note:*

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

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

There were no material events subsequent to the end of the financial period.

**A9 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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

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

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



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**A11 CAPITAL COMMITMENTS**

	<b>CUMULATIVE 12-MONTH ENDED</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Approved but not contracted for</u></b> Purchase of property, plant and equipment	-	-
<b><u>Approved and contracted for</u></b> Purchase of property, plant and equipment	37	1,662

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

**B1 REVIEW OF PERFORMANCE**

**6-month Period Ended 31 December 2019 compared to 6-month Period Ended 31 December 2018**

The Company's revenue increased by approximately RM7.72 million or 101.36% during the 6-month period ended 31 December 2019 as compared to the previous corresponding period, mainly due to:

- (i) higher revenue for its mobile advertising platform segment as a result of increase in CPA (cost per acquisition) revenue due to increase in advertising activities and campaign during the second half of 2019 as well as platform upgrade during the second half of 2019 which maximised the value of advertisement and justification of conversion rate; and
- (ii) higher revenue for its mobile payment solutions segment as a result of higher utilisation of mobile payment solutions service due to increase in digital content publishing by content providers.

In line with the higher revenue, the Company's gross profit increased by approximately RM3.14 million or 63.68% to approximately RM8.08 million during the 6-month period ended 31 December 2019 (6-month period ended 31 December 2018: approximately RM4.94 million) due to abovementioned improvement in revenue generated from the mobile advertising platform and mobile payment solutions segment.



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The gross profit margin during the 6-month period ended 31 December 2019 decreased to 52.69% (6-month period ended 31 December 2018: 64.82%) due to sales contribution from mobile payment solutions segment, which fetched higher gross profit margin, was lower during the 6-month period ended 31 December 2019 at 24.81% (6-month period ended 31 December 2018: 42.13%).

The Company reported a higher PBT of approximately RM3.56 million during the 6-month period ended 31 December 2019 (6-month period ended 31 December 2018: approximately RM0.17 million) due to:

- (i) the abovementioned improvement in revenue generated from the mobile advertising platform and mobile payment solutions segment during the 6-month period ended 31 December 2019 as compared to 6-month period ended 31 December 2018; and
- (ii) higher other income to RM0.16 million (6-month period ended 31 December 2018: RM0.02 million) as a result of interest income from fixed deposit and realised gain from foreign exchange due to strengthening of MYR to USD.

The Company reported a higher PAT of approximately RM2.56 million during the 6-month period ended 31 December 2019 (6-month period ended 31 December 2018: LAT of approximately RM0.08 million) mainly due to improvement in revenue generated from the mobile advertising platform and mobile payment solutions segment during the 6-month period ended 31 December 2019.

**FYE 31 December 2019 compared to FYE 31 December 2018**

The Company's revenue increased by approximately RM1.62 million or 9.77% to approximately RM18.17 million in the FYE 31 December 2019 (FYE 31 December 2018: approximately RM16.56 million), mainly due to higher revenue for its mobile advertising platform segment of RM4.73 million as a result of increase in CPA revenue consequent to increase in advertising activities or campaign during the second half of 2019 as well as platform upgrade during the second half of 2019 which maximised the value of advertisement and justification of conversion rate, notwithstanding the decrease in revenue from mobile payment solution segment of RM3.12 million as Network Operators imposed strict verification process in payment processing which negatively affect the mobile payment solutions in the first half of 2019.

The Company's gross profit margin in the FYE 31 December 2019 and FYE 31 December 2018 were 53.26% and 73.16% respectively. The decrease in Company's gross profit by approximately RM2.43 million or 20.09% to approximately RM 9.68 million in the FYE 31 December 2019 (FYE 31 December 2018: approximately RM12.11 million) was due to:





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- (i) decrease in revenue from the mobile payment solution segment revenue as result of the strict verification process imposed by Network Operator in payment processing procedure; and
- (ii) higher cost of sales for the Company's mobile advertising platform business segment, mainly on commission pay-outs which in tandem with the increase in mobile advertising platform revenue.

The Company reported a lower PBT of approximately RM1.02 million in the FYE 31 December 2019 (FYE 31 December 2018: approximately RM2.37 million) due to higher cost of sales and partially offset by decrease in selling and distribution expenses as reduction in advertising expenses.

The Company reported a lower PAT of approximately RM0.05 million and PAT attributable to the owners of RM 0.62 million respectively in the FYE 31 December 2019 (FYE 31 December 2018: PAT approximately RM2.11 million and PAT attributable to owners of RM 1.83 million) mainly due to higher tax provision for MCatch (L) Berhad at 24% on its chargeable profit (FYE 31 December 2018: RM 20,000) as a result of amendment to Labuan Business Activity Tax Act and introduction of Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulation 2018 which took effect from 1 January 2019 whereby the Company is seeking confirmation from tax consultant of the compliance of Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulation 2018 which qualify MCatch (L) Berhad to only 3% of chargeable profit for financial year ended 31 December 2019, the results of the confirmation of which is expected in the month of April 2020.

## **B2 PROSPECTS OF THE COMPANY**

With the end of temporary freeze on new digital games by China, the stabilisation of the mobile advertising industry subsequent to the privacy and the personal data collection concern as well as to address imposition of strict verification process by Network Operator in payment processing which negatively affect the mobile payment solutions in 2019, MCOM managed to improve its sales in relation to the mobile advertising platform and mobile payment solution business in 2019 with the onboarding of new content providers that offer quality content to mobile users. The improved business performance was mainly due to the upgraded platforms which improved the effectiveness and efficiency of the campaign and value-added services rendered by the Company's in-house creative team, which reduced the unit investment cost of advertisement by advertisers and content providers.

However, the Board is cautiously optimistic of its business in view of the on-going trade and technology war as well as the outbreak of the coronavirus (i.e. Covid-19).



## MCOM HOLDINGS BERHAD

(Registration No.: 201701034106 (1248277-X))

(Incorporated in Malaysia)

### 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.

### B4 INCOME TAX EXPENSES

	INDIVIDUAL 6-MONTH ENDED	INDIVIDUAL 6-MONTH ENDED	CUMULATIVE 12-MONTH ENDED	CUMULATIVE 12-MONTH ENDED
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current tax expense:				
- for the financial year	1,030	291	1,031	302
- overprovision in the previous financial year	-	(87)	-	(85)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,030	204	1,031	217
Deferred tax expense:				
- for the financial year	(60)	44	(60)	44
	<hr/>	<hr/>	<hr/>	<hr/>
	970	248	971	261

The Group's income tax expenses increased mainly contributed by tax provision at 24% on chargeable profits of MCatch (L) Berhad (FYE 31 December 2018: RM 20,000) as a result of amendment to Labuan Business Activity Tax Act and introduction of Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulation 2018 which took effect from 1 January 2019 whereby the Company is seeking confirmation from tax consultant of the compliance of Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulation 2018 for meeting the requirements for Labuan Business Activity which qualify MCatch (L) Berhad to only tax at 3% on chargeable profit for financial year ended 31 December 2019.

## C OTHER INFORMATION

### C1 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report.



**MCOM HOLDINGS BERHAD**  
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**C2 BORROWINGS AND DEBT SECURITIES**

The Group's total borrowings (all denominated in RM) are as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b><u>Non-current liabilities</u></b>		
Term loan	227	-
Hire purchase	267	198
<b>Total</b>	<b>494</b>	<b>198</b>
<b><u>Current liabilities</u></b>		
Term loan	26	-
Hire purchase	138	97
<b>Total</b>	<b>164</b>	<b>97</b>

As at the reporting date, the Company has not issued any debt securities.

**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**

	<b>INDIVIDUAL</b>		<b>CUMULATIVE</b>	
	<b>6-MONTH ENDED</b>		<b>12-MONTH ENDED</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Profit attributable to owners of the Company (RM)	1,073,971	17,251	614,625	1,831,992
Weighted average number of MCOM Shares at end of period	188,559,908	165,971,450	179,131,908	165,971,450
Basic earnings per ordinary share (sen)	0.57	0.01	0.34	1.10



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The weighted average number of MCOM Shares in issue is computed as follows:

	INDIVIDUAL 6-MONTH ENDED		CUMULATIVE 12-MONTH ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Shares issued pursuant to:				
- Incorporation of the Company	2	2	2	2
- Acquisition of subsidiaries <sup>#</sup>	164,989,900	164,989,900	164,989,900	164,989,900
- Effect of issuance of new ordinary shares	23,570,006	981,548	14,142,006	981,548
	<u>188,559,908</u>	<u>165,971,450</u>	<u>179,131,908</u>	<u>165,971,450</u>

*Note:*

*# 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 2019.



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**C6 UTILISATION OF PROCEEDS**

As at 31 December 2019, 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>Re-allocation* 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	(2,015)	-	-	885	Within 12 months
Capital expenditure for mobile advertising platform	880	(755)	-	(33)	92	Within 12 months
Listing expenses	1,500	(1,533)	-	33	-	Within 12 months
<b>Total estimated proceeds</b>	<b>5,280</b>	<b>(4,303)</b>	<b>-</b>	<b>-</b>	<b>977</b>	

*Note:*

- \* *As stated in Information Memorandum of the Company dated 23 January 2019, any shortfall or excess from listing expenses of RM1.50 million will be reallocated from/to the amount allocated for capital expenditure for mobile advertising platform.*

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