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## NOTES TO THE QUARTERLY REPORT

### PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

#### A1. Accounting policies and methods of computation

The interim financial statements for the current quarter are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian 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 latest audited financial statements for the financial year ended 31 December 2011. These explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

The Group has adopted MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

#### A2. Adoption of new and revised accounting policies

The accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2011 except for the newly-issued accounting framework – MFRS and IC Interpretations to be applied by all Entities other than Private Entities for the financial period beginning on 1 January 2012:-

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combination
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment



**A2. Adoption of new and revised accounting policies – cont'd**

MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 124	Related Party Disclosures
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
Improvements to MFRSs	

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

**A3. Qualification on the Auditors' Report of preceding annual financial statements**

There were no audit qualification to the annual audited financial statements of the Group for the financial year ended 31 December 2011.

**A4. Seasonal or cyclical factors**

The business operations within the industry are not affected by seasonal and cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and financial year-to-date.

**A6. Changes in estimates of amounts reported**

There were no material changes in estimates of amounts reported in previous quarter that have a material effect on the result of the Group for the current quarter under review and financial year-to-date.

**A7. Debt and equity securities**

There were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review.

**A8. Dividend paid**

There was no dividend paid or declared in the current financial quarter under review.

**A9. Segmental information**

The Group is organised into the following operating segments:

- (a) Payment Related (“Payment”)
- (b) Non Payment Related (“Non Payment”)

Quarter ended 31 March 2012	Payment RM'000	Non Payment RM'000	Total RM'000
Segment revenue	1,017	756	1,773
Other unallocated income			707
Unallocated expenses			(2,216)
Profit from operations			264
Finance costs			(17)
Profit before taxation			247
Income tax expenses			(11)
Profit after taxation			236

Information on the Group’s operation by geographical segment is not provided as the Group’s operation is primarily in Malaysia.

**A10. Valuation of property, plant and equipment**

The Group has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

**A11. Capital commitments**

There are no material capital commitments in respect of property, plant and equipment as at 31 March 2012.

**A12. Capital expenditure**

There are no material capital expenditure in respect of property, plant and equipment as at 31 March 2012.

**A13. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review and financial year-to-date.

**A14. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets of the Group in the current financial quarter under review and financial year-to-date.

**A15. Subsequent material events**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statement under review.



**A16. Significant related party transactions**

- (a) Identities of related parties
  - (i) the directors who are the key management personnel; and
  - (ii) entities controlled by certain key management personnel, directors and/or substantial shareholders
- (b) In addition to balances detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the interim financial period:
  - (i) Key management personnel

**Current Quarter**  
**31 March 2012**  
**RM'000**

Rental expenses	45
Short term employee benefits	99
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**PART B - ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**1. Review of performance**

The Group recorded revenue of RM1.773 million and Profit Before Taxation (“PBT”) of RM0.247 million for the current financial quarter under review. The Group’s revenue for the current financial quarter under review of RM1.773 million as compared to RM1.772 million recorded for the preceding financial quarter, represented an increase of 0.06%. The increase of the Group’s revenue was mainly due to the increase of payment services revenue registered by the Group as compared to the preceding financial quarter, i.e. by RM0.074 million or an increase of 7.85% from RM0.943 million recorded for the preceding financial quarter under review to RM1.017 million recorded for the current financial quarter under review. However, there was a decrease of non-payment services revenue of RM0.073 million representing a decrease of 8.81% from RM0.829 million recorded for the preceding financial quarter to RM0.756 million recorded for the current financial quarter under review.

The Group recorded a higher PBT of RM 0.247 million or 177.53% for the current financial quarter under review as compared to the PBT of RM0.089 million as recorded in the preceding financial quarter. The Board of Directors remains optimistic of the Group’s financial performance for the current financial year.

**2. Material changes to the results of the preceding quarter**

	<b>Current Quarter 31 March 2012 RM’000</b>	<b>Preceding Quarter 31 March 2011 RM’000</b>
Revenue	1,773	1,772
Profit before taxation	247	89

During the current financial under review, the Group has recorded revenue of RM1.773 million, representing an increase of RM0.001 million or 0.06% as compared to RM1.772 million recorded during the preceding financial quarter. The Group recorded a PBT of RM0.247 million in the current financial quarter under review, as compared to a PBT of RM0.089 million in the preceding financial quarter, mainly due to an increase in the other income receivable by the Group for merchant acquisition related incentive payments. However, this increase was partly off-set by an increase in the direct costs incurred by the Group for the purchase of electronic gadgets to complement our products and services offered.

### 3. Prospects of the Group

At the Digital Malaysia lab sessions held between 18 July 2011 and 19 August 2011, organised by Multimedia Development Corporation Sdn Bhd (“MDeC”), the ManagePay Group saw an opportunity to deploy its new payment products and services to meet the needs of the SMEs segment currently underserved by acquirers (merchant acquiring business unit of financial institutions). This led ManagePay to propose a project on enabling electronic payment services for SMEs and micro enterprises (“ePayment Project”) on a private funded initiative basis which subsequently received the endorsement and support from MDeC. The ePayment Project seeks to address the current issue of low penetration rate of electronic payment acceptance within this segment in Malaysia by empowering a targeted number of SMEs and micro enterprises to accept electronic payments. This will bridge the gap between the SMEs and the need for electronic funds transfer at point of sale terminals, and in the process increase the ratio of point of sales to population and accelerate the country’s migration to electronic payment. In addition, the ePayment Project could potentially be one of the projects to form part of the Digital Malaysia Masterplan initiative aimed to increase Malaysia’s gross national income by year 2020. The ePayment Project is expected to commence in the second half of calendar year 2012 and shall be rolled out over a period of at least nine (9) years (2012-2020) whereby the initial three (3) years of the ePayment Project is expected to be implemented on a moderate pace as compared to the subsequent remaining years.

In view of the above and barring unforeseen circumstances, the Board of Directors expects its business prospects for the remaining financial year ending 31 December 2012 to be favourable.

### 4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

### 5. Profit before taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2012 RM’000	Preceding Year Corresponding Quarter 31 March 2011 RM’000	Current Year-to-date 31 March 2012 RM’000	Preceding Year Corresponding Period 31 March 2011 RM’000
Interest income	(43)	(15)	(43)	(15)
Other income, excluding interest income	(664)	(8)	(664)	(8)
Depreciation & amortisation	601	620	601	620
Interest expenses	-	1	-	1

## 6. Taxation

The taxation figures are as follows:

	<b>Current Quarter Ended 31 March 2012</b>	<b>Preceding Quarter Ended 31 March 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax expense	<u>(11)</u>	<u>(64)</u>

The effective tax rates of the Group for the current quarter under review and financial year to-date were lower than the statutory tax rates of 25% due to the fact that the Group has one (1) subsidiary which holds MSC Status which enjoyed tax benefits during part of the year as a pioneer status company.

## 7. Status of corporate proposal

### (a) Corporate Proposal

Save as disclosed below, there are no corporate proposals announced but not yet completed as at the date of this announcement:

- (i) proposed renounceable rights issue of 183,031,190 new ordinary shares of RM0.10 each in ManagePay (“Rights Share(s)”) together with 183,031,190 free new detachable warrants (“Warrant(s)”) at an issue price of RM0.12 per Rights Share on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share of RM0.10 each held in ManagePay (“ManagePay Share(s)” or “Shares(s)”) at an entitlement date to be determined and announced later;
- (ii) proposed increase in the authorized share capital of ManagePay from RM25,000,000 comprising 250,000,000 ManagePay Shares to RM250,000,000 comprising 2,500,000 ManagePay Shares (“Proposed Increase in the Authorised Share Capital”); and
- (iii) proposed amendment to the Company’s Memorandum of Association as a consequence of the Proposed Increase in the Authorised Share Capital.

The above corporate proposals are subject to shareholders’ approval.

### (b) Utilisation of proceeds

The Group received proceeds of RM7.321 million from the public issue of 45,758,000 Shares, and the gross proceeds are proposed to be utilised in the following manner.

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Estimated timeframe for utilisation</b>	<b>Amount Unutilised RM'000</b>	<b>Explanation</b>
Purchase of equipment	3,750	2,100	Within two (2) years	1,650	(1)
Working capital	1,071	1,202	Within two (2) years	-	(2) and (3)
Research and development	1,000	456	Within one (1) year	544	(4)
Estimated listing expenses	<u>1,500</u>	<u>1,369</u>	Within three (3) months	-	(3)
	<u>7,321</u>	<u>5,127</u>		<u>2,194</u>	



Notes:

- (1) As at 31 March 2012, RM2.100 million was utilised to purchase Electronic Data Capture Point Of Sales (“EDCPOS”) terminals and point-of-sales system as tabled above. The other future projects being pursued have been delayed.
- (2) Working capital expenses related to selling and distribution and administrative expenses.
- (3) In view that the actual listing expenses were lower than estimated, the excess has been utilised for working capital.
- (4) The Company had on 22 February 2012 announced the extension of time for a six months period (effective from the date of announcement) for the utilisation of proceeds raised from the initial public offering.

## 8. Borrowings

The Group does not have any borrowings and debt securities in the current financial quarter under review.

## 9. Material litigation

There were no material litigations pending as at the date of issuance of this announcement.

## 10. Dividend

There were no dividend declared and paid during the current financial quarter under review and financial year to-date.

## 11. Earnings per Share

### (a) Basic

The earnings per share is calculated by dividing the profit after taxation of the Group for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2012 RM'000	Preceding Year Corresponding Quarter 31 March 2011 RM'000	Current Year-to-date 31 March 2012 RM'000	Preceding Year Corresponding Period 31 March 2011 RM'000
Total comprehensive income attributable to owners of the Company (RM'000)	236	25	236	25
Weighted average number of ordinary shares in issue ('000)	183,031	145,408	183,031	145,408
Profit per share (sen)	0.13	0.02	0.13	0.02



**(b) Diluted**

The Group does not have any convertible share or convertible financial instruments for the current financial quarter under review and financial year-to-date.

**12. Realised and unrealised profits**

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits to the directive, is as follows:

	<b>Group Quarter Ended 31 March 2012 RM'000</b>	<b>Group Quarter Ended 31 March 2011 RM'000</b>
Total retained profits of the Group:		
- Realised	11,011	12,222
- Unrealised (in respect of deferred tax recognised in the income statement)	-	(30)
	11,011	12,192
Less: Consolidation adjustments	(8,512)	(8,512)
Total Group retained profits as per consolidated accounts	2,499	3,680
	<b>Company Quarter Ended 31 March 2012 RM'000</b>	<b>Company Quarter Ended 31 March 2011 RM'000</b>
Total (accumulated loss)/retained profit of the Company:		
- Realised	(732)	58
- Unrealised (in respect of impairment loss on investment in subsidiary)	-	-
Total Company's (accumulated loss)/retained profits as per accounts	(732)	58

**13. Other Disclosures Items to the Statement of Comprehensive Income**

Save as disclosed above in the Statement of Comprehensive Income, the following items are not applicable to the Group:-

- (a) Provision for and write off of receivables;
- (b) Provision for and write off of inventories;
- (c) Impairment of assets;
- (d) Gain or loss on disposal of quoted or unquoted investments or properties;
- (e) Foreign exchange gain or loss;
- (f) Gain or loss on derivatives; and
- (g) Exceptional items.

14. This interim financial report is dated 23 May 2012.