NOTES TO THE QUARTERLY REPORT

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 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 December 2012	Payment RM'000	Non Payment RM'000	Total RM'000
Segment revenue	1,403	372	1,775
Other unallocated income			163
Unallocated expenses			(1,898)
Profit from operations			40
Finance costs			(3)
Profit before taxation			37
Income tax expenses			(212)
Loss after taxation			(175)

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 December 2012.

A12. Capital expenditure

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

The Company had on 18 January 2013 acquired the entire issued and paid-up share capital of ManagePay Cards Sdn Bhd ("MCSB"), ManagePay Resources Sdn Bhd ("MRSB") and ManagePay Innovation Sdn Bhd ("MISB") for a purchase consideration of RM2.00 each respectively. The acquisition would result in MCSB, MRSB and MISB becoming wholly-owned subsidiary companies of ManagePay. However, the acquisition will not have any effect on the issued and paid-up share capital of ManagePay since the purchase consideration of the Acquisition was fully satisfied in cash.

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 December 2012 RM'000
Rental expenses	45
Short term employee benefits	102

PART B - ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

The Group recorded revenue of RM1.775 million and Profit Before Taxation ("PBT") of RM0.037 million for the current financial quarter under review. The Group's revenue for the current financial quarter under review of RM1.775 million as compared to RM2.184 million recorded for the preceding year corresponding quarter, represented a decrease of RM0.409 million or 18.73%. The decrease in the Group's revenue for the current financial quarter under review was due to the decrease in revenue derived from the non-payment segment. The revenue derived from the non-payment segment decreased by RM0.555 million or 59.87% from RM0.927 million recorded for the preceding year corresponding quarter to RM0.372 million recorded for the current financial quarter. The decrease was mainly due to decrease in sales of computer gadgets, hardware and accessories. However, revenue derived from the payment segment increased by RM0.146 million or 11.62% from RM1.257 million recorded for the preceding year corresponding quarter to RM1.403 million recorded for the current financial quarter arising from the increase in revenue derived from the managed payment services.

The Group recorded a PBT of RM0.037 million for the current financial quarter under review as compared to the LBT of RM0.519 million as recorded in the preceding year corresponding quarter.

2. Material changes to the results of the preceding quarter

	Current Quarter 31 December 2012 RM'000	**Preceding Quarter 30 September 2012 RM'000**
Revenue	1,775	1,620
Profit before taxation	37	234

During the current financial quarter under review, the Group recorded revenue of RM1.775 million, representing an increase of RM0.155 million or 9.57% as compared to RM1.620 million during the preceding quarter. The Group recorded a PBT of RM0.037 million for the current financial quarter under review, a decrease of RM0.197 million or 84.19% as compared to the PBT of RM0.234 million in the preceding quarter. This was due to amongst others, the decrease in revenue derived from the payment segment of RM0.189 million from the preceding quarter and the allowance for doubtful debts at RM0.122 million provided by the Group during the current financial quarter under review.

3. Prospects of the Group

ManagePay Services Sdn Bhd ("MSSB") (formerly known as Multimedia Prospect Sdn Bhd), a wholly-owned subsidiary of the Company, had on 17 October 2012 received a letter from SME Corporation Malaysia, stating that SME Corporation Malaysia has agreed to appoint MSSB as the Third Party Acquirer ("TPA") for the *Enabling e-Payment Services for Small and Medium Enterprises ("SMEs") and Microenterprises ("MEs") Programme*.

The Enabling e-Payment Services for SMEs and MEs Programme is a project under the Digital Malaysia initiative aimed at increasing the adoption of ePayment among SMEs and MEs. With this initiative, SMEs and MEs are being enabled to accept ePayment via means of a simplified merchant acquisition process at lower costs.

3. Prospects of the Group-cont'd

Our target customers are merchants who operate retail outlets and/or online stores as well as mobile business enterprises with a requirement to collect payments on the go. These sub merchants will require a range of payment acceptance options, including debit cards, credit cards, and other accepted means to enable them to complete a sale transaction securely over the internet and/or mobile payment channels and/or conventional fixed telephone lines.

In view of the above and the increase in revenue generated from the managed payment services, the Board of Directors believes that, barring any unforeseen circumstances, the Group is moving towards developing a sustainable source of income stream in the coming years by providing TPA services through signing up new merchants in relation to the acceptance of ePayment.

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. Loss before taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 December 2012 RM'000	Preceding Year Corresponding Quarter 31 December 2011 RM'000	Current Year-to-date 31 December 2012 RM'000	Preceding Year Corresponding Period 31 December 2011 RM'000
Interest income	(146)	(27)	(303)	(161)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(16)	(6)	(272)	(7)
Depreciation & amortisation	551	627	2,275	2,499
Provision for and written off of receivables	122	-	122	88
Gain on disposal of plant and equipment	(1)	-	(1)	-
Gain on foreign exchange	-	(1)	(26)	(1)

6. Taxation

The taxation figures are as follows:

	Current Quarter Ended 31 December 2012	Current year-to-date 31 December 2012
	RM'000	RM'000
Tax expense	(212)	(363)

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

There is no corporate proposal announced but not completed as at the date of this announcement.

(b) Utilisation of proceeds

(i) Proceeds from Rights Issue With Warrants

The Rights Issue With Warrants was completed on 10 August 2012. The gross proceeds received was RM21.964 million. The gross proceeds raised from the Rights Issue With Warrants are proposed to be utilised in the following manner:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Estimated timeframe for utilisation	Amount Unutilised RM'000	Explanation
Capital expenditure	14,822	3,641	Within two (2) years	11,181	(1)
Working capital	6,352	2,851	Within two (2) years	3,501	(2) and (3)
Estimated expenses in relation to the Rights Issue With Warrants	790	698	Within three (3) months	92	(3)
	21,964	7,190		14,774	

Notes:

(1) As at 31 December 2012, RM3.641 million was utilised to develop new payment technologies and products to deliver an integrated and multi-facetted payment services that serve multiple platform i.e. physical, online and mobile, to assist businesses, particularly SMEs, and expand their sales across multiple channels.

(2) The proceeds will be utilised for additional working capital requirements in respect of the Group's day-to-day operations to support its existing business operations which shall include but not limited to, the payment of trade and other payables, salaries, marketing expenses in relation to the ePayment Project.

(3) In view that the actual expenses in relation to the Rights Issue With Warrants were lower than estimated, the excess will be utilised for working capital.

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. (Loss)/earnings per Share

(a) Basic

The (loss)/earnings per share is calculated by dividing the (loss)/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 December 2012	Preceding Year Corresponding Quarter 31 December 2011	Current Year-to-date 31 December 2012	Preceding Year Corresponding Period 31 December 2011
Total comprehensive income attributable to owners of the Company (RM'000)	(175)	(322)	122	(1,393)
Weighted average number of ordinary shares in issue ('000)	255,043	144,168	255,043	144,168
(Loss)/earnings per share (sen)	(0.07)	(0.22)	0.05	(0.97)

(b) Diluted

The is no potential dilution for (loss)/earnings per share given that the average market price of ordinary shares during the period is less than exercise price of the warrants.

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:

Group	**As at 31 December 2012 RM'000**	**As at 31 December 2011 RM'000**
Total retained profits of the Group:		
- Realised	11,267	10,775
- Unrealised (in respect of deferred tax recognised in the income statement)	(370)	-
	10,897	10,775
Less: Consolidation adjustments	(8,512)	(8,512)
Total Group retained profits as per consolidated accounts	2,385	2,263

Company	**As at 31 December 2012 RM'000**	**As at 31 December 2011 RM'000**
Total accumulated loss of the Company:		
- Realised	(1,610)	(1,233)
- Unrealised (in respect of impairment loss on investment in subsidiary)	-	-
Total Company's accumulated loss as per accounts	(1,610)	(1,233)

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) Interest expenses;
(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) Gain or loss on derivatives; and
(f) Exceptional items.

14. This interim financial report is dated 27 February 2013.