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**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 issued by Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 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 2014. 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 2014.

The Group has adopted the MFRS framework issue by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully comply with Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. The transition from the previous FRSs to the new MFRSs has no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2015. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on 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 2014. The Group will adopt all new accounting standards issued by MASB upon its effective date:-

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 Jan 2018
MFRS 15	Revenue from Contract with Customers	1 Jan 2017



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

Amendments/Improvements to MFRSs

MFRS5	Non-current Asset Held for Sales and Discontinued Operations	1 Jan 2016
MFRS 7	Financial Instruments: Disclosure	1 Jan 2016
MFRS 9	Financial Instruments	1 Jan 2018
MFRS10	Consolidated Financial Statements	1 Jan 2016
MFRS 11	Joint Arrangements	1 Jan 2016
MFRS 12	Disclosures of Interests in Other Entities	1 Jan 2016
MFRS 116	Property, Plant and Equipment	1 Jul 2014/ 1 Jan 2016
MFRS 119	Employee Benefits	1 Jul 2014/ 1 Jan 2016
MFRS 127	Separate financial statements	1 Jan 2016
MFRS 128	Investments in Associates and Joint Ventures	1 Jan 2016
MFRS 138	Intangible Assets	1 Jul 2014/ 1 Jan 2016
MFRS 141	Agriculture	1 Jan 2016

The adoption of the above standards is not expected to 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 qualifications to the annual audited financial statements of the Group for the financial year ended 31 December 2014.

**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 issuances 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”)

The segment information for the quarter ended 30 June 2015 is as follows:

<b>Quarter ended 30 June 2015</b>	<b>Payment RM’000</b>	<b>Non Payment RM’000</b>	<b>Total RM’000</b>
Segment revenue	2,549	91	2,640
Other unallocated income			388
Unallocated expenses			(2,950)
Profit from operations			78
Finance costs			(5)
Profit before taxation			73
Income tax expenses			(19)
Less : Minority Interest			-
Profit after taxation			54
Segment assets	37,764	658	38,422
Tax assets			21
Unallocated corporate assets			18,163
			56,606
Segment liabilities	128	-	128
Tax liabilities			2,486
Unallocated corporate liabilities			2,035
			4,649

The segment information for the quarter ended 30 June 2014 is as follows:

<b>Quarter ended 30 June 2014</b>	<b>Payment RM’000</b>	<b>Non Payment RM’000</b>	<b>Total RM’000</b>
Segment revenue	1,609	200	1,809
Other unallocated income			477
Unallocated expenses			(2,099)
Profit from operations			187
Finance costs			(2)
Profit before taxation			185
Income tax expenses			(105)
Profit after taxation			80
Non-Controlling Interest			2
Profit attributable to Owner of the company			(2) 82



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Segment assets	30,563	462	31,025
Tax assets			27
Unallocated corporate assets			22,415
			<u>53,467</u>
Segment Liabilities	132	-	132
Tax liabilities			1,092
Unallocated corporate liabilities			1,303
			<u>2,527</u>

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 30 June 2015

#### **A12. Capital expenditure**

There are no material capital expenditure in respect of property, plant and equipment as at 30 June 2015.

#### **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 was no material event subsequent to the end of the current financial quarter and financial year-to-date up to the date of this report that has not been reflected in the interim financial statements.

#### **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

		<b>Individual Quarter</b>	
		<b>Current Quarter 30 June 2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 31 June 2014 RM'000</b>
Rental expenses		44	44
Short term employee benefits		146	135
		<hr/>	
		<b>Cumulative Quarter</b>	
		<b>Current Quarter 30 June 2015 RM'000</b>	<b>Preceding Year Corresponding Period 30 June 2014 RM'000</b>
Rental expenses		89	89
Short term employee benefits		263	244
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**PART B - ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of performance**

ManagePay and its subsidiaries (“Group”) recorded revenue of RM2.64 million and Profit Before Taxation (“PBT”) of RM73 thousand for the current financial quarter under review. The Group’s revenue for the current financial quarter under review of RM2.64 million as compared to RM1.809 million recorded for the preceding year corresponding quarter represented an increase of RM831 thousand. The increase in the Group’s revenue for the current financial quarter under review was mainly due to the increase of revenue derived from the payment segment.

The Group recorded a PBT of RM73 thousand for the current financial quarter under review as compared to RM185 thousand as recorded in the preceding year corresponding quarter mainly due to increase in personnel cost and amortization of development cost.

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

	<b>Current Quarter 30 June 2015 RM’000</b>	<b>Preceding Quarter 31 March 2015 RM’000</b>
Revenue	2,640	3,302
Profit before taxation	73	400

During the current financial quarter under review, the Group recorded revenue of RM2.64 million, representing a reduction in revenue of RM0.662 million as compared to RM3.302 million recorded during the immediate preceding quarter as a result of reduce in revenue generated from payment services. The Group’s PBT of RM73 thousand for the current financial quarter under review, represented a decrease of RM0.327 million as compared to the PBT of RM0.4 million recorded in the immediate preceding quarter. The decrease in PBT was due to increase in personnel cost and amortization for the current financial quarter.

**3. Prospects of the Group**

The Group has completed a private placement exercise for eMoney project and received overwhelming support with more than 97% of the warrants being exercised prior to expiry on 6 August 2015. With the strong cash flows, the Board will concentrate and put all its effort to ensure the successful roll out of eMoney and online wallet project.

The Group will be taking actions to recruit the necessary talents as well to continue to conduct research and development which will result in higher staff personnel expenses as well as overhead costs.

In view of the current challenging economic situation, the Board of Directors is of the view that the Group will record an acceptable result for the current financial year.

#### 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 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year-to-date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Interest income	(50)	(149)	(72)	(255)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(483)	(327)	(558)	(327)
Depreciation & amortisation	1,088	798	2,103	1,447
Loss/(Gain) on disposal of plant and equipment	-	-	-	-
Loss/(Gain) on foreign exchange	(18)	-	(19)	7

#### 6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year-to-date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Income tax charge	(19)	-	(317)	-
Deferred taxation	-	(105)	-	(169)
Tax expense	(19)	(105)	(317)	(169)

The effective tax rates of the Group for the financial year-to-date under review were higher due to substantial capital allowance has been utilized in the previous periods.

## 7. Status of corporate proposal

### (a) Corporate Proposal

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

#### (i) Share Option Scheme (ESOS)

The Group has established an Employees' Share Option Scheme (ESOS) for eligible directors and employees of ManagePay and its subsidiary Companies representing up to 15% of the issued and paid-up share capital of ManagePay (excluding treasury shares) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS. The effective date for implementation of the ESOS has been fixed on 3 November 2014.

#### (ii) Proposed Private Placement

On 25 March 2015, Kenanga Investment Bank Berhad ("Kenanga IB") on behalf of the Board of Directors of ManagePay ("Board"), has made an announcement that the Company propose to undertake a private placement of up to thirty (30%) of the existing issued and paid-up share capital of ManagePay.

The Proposed Private Placement has been completed on 21 July 2015 following the listing of and quotation for 130,293,200 ManagePay Shares on the ACE Market of Bursa Securities.

### (b) Utilisation of proceeds

#### (i) Proceeds from Private Placement (Year 2014)

The Private Placement was completed on 18 June 2014. The gross proceeds received was RM5.711 million. The gross proceeds raised from the Private Placement 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	4,200	1,980	Within two (2) years	2,220	
Other Operating expenses	1,391	1,425	Within one (1) year	-	(1)
Estimated expenses in relation to the Private Placement	120	86	Within one (1) month	-	(1)
	<u>5,711</u>	<u>3,491</u>		<u>2,220</u>	

#### Notes:

- (1) In view that the actual expenses in relation to Private Placement were lower than estimated, the excess of RM 34,000 was utilized for other operating expenditure.





**(ii) Proceeds from Private Placement (Year 2015)**

The Private Placement was completed on 21 July 2015. The gross proceeds received was RM29,967,436. The gross proceeds raised from the Private Placement 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>
Capital expenditure	18,000	0	Within two (2) years	18,000	
Other Operating expenses	11,567	0	Within one (1) year	11,567	(1)
Estimated expenses in relation to the Private Placement	400	221	Within one (1) month	179	(1)
	<u>29,967</u>	<u>221</u>		<u>29,746</u>	

Notes:

(1) In view that the actual expenses in relation to Private Placement were lower than estimated, the excess of RM 179,000 will be utilized for other operating expenditure.

**(iii) Warrant 2012/2015**

The Warrant has been removed from the Official List of Bursa Securities with effect from 7 August 2015.

Total Warrant Issued	183,031,190
Total Warrant Exercised	177,503,800
Total Warrant Unexercised	5,527,390

The warrant expired on 6 August 2015 and the exercise price is RM 0.20 per share. Total number of warrant exercise as at 6 August 2015 make up of 96.98% of the total warrant issued and amounting to RM 35,500,760

The proceed from exercise of the warrant will be utilized as follow:

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Explanation</b>
Capital expenditure (70%)	24,851	-	24,851	
Other Operating expenses (30%)	10,650	113	10,537	
	<u>35,501</u>	<u>113</u>	<u>35,388</u>	

**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 earnings per ordinary share

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 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014	Cumulative Year-to-date 30 June 2015	Cumulative Year-to-date 30 June 2014
Total comprehensive income attributable to owners of the Company (RM'000)	54	82	157	842
Weighted average number of ordinary shares in issue ('000)	402,687	402,669	402,687	402,669
Basic earnings per ordinary share (sen)	0.01	0.02	0.04	0.21

### (b) Diluted earnings per ordinary share

Diluted earnings per share amounts are calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014	Cumulative Year-to-date 30 June 2015	Cumulative Year-to-date 30 June 2014
Total comprehensive income attributable to owners of the Company (RM'000)	54	82	157	842



Weighted average number of ordinary shares in issue ('000)	402,687	402,669	402,687	402,669
Effect of dilution for Convertible warrants	115,442	183,031	115,442	183,031
	<u>518,129</u>	<u>585,700</u>	<u>518,129</u>	<u>585,700</u>
Diluted earnings per ordinary share (sen)	0.01	0.01	0.03	0.14

## 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</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 30 June 2014 RM'000</b>
Total retained profits of the Group:		
- Realised	5,471	14,360
- Unrealised (in respect of deferred tax recognised in the income statement)	(1,169)	(1,104)
	<u>4,302</u>	<u>13,256</u>
Less: Consolidation adjustments	(9,079)	(9,088)
Total Group retained profits as per consolidated accounts	<u>(4,777)</u>	<u>4,168</u>
<b>Company</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 30 June 2015 RM'000</b>
Total accumulated loss of the Company:		
- Realised	(2,316)	(1,662)
- Unrealised (in respect of impairment loss on investment in subsidiary)	(6)	-
Total Company's accumulated loss as per accounts	<u>(2,322)</u>	<u>(1,662)</u>

## 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:-

- Provision for and write off of receivables;
- Provision for and write off of inventories;
- Impairment of assets;
- Gain or loss on disposal of quoted or unquoted investments or properties;
- Gain or loss on derivatives;
- Interest expense; and
- Exceptional items.



**ManagePay**  
Agile - Convenient - Secure

**MANAGEPAY SYSTEMS BERHAD**

(Company No.: 887689-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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14. This interim financial report is dated 24 August 2015.

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