

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 30 September 2018 RM'000	Preceding year corresponding quarter 30 September 2017 RM'000	Current year to date 30 September 2018 RM'000	Unaudit results corresponding period 30 September 2017 RM'000
Revenue		3,512	1,461	9,293	4,491
Direct Costs		<u>(2,525)</u>	<u>(968)</u>	<u>(5,372)</u>	<u>(3,053)</u>
Gross Profit		987	493	3,921	1,438
Other Income		345	517	984	1,622
Administrative and General Expenses		<u>(4,024)</u>	<u>(3,878)</u>	<u>(11,483)</u>	<u>(10,761)</u>
Operating Gain / (Loss)		(2,692)	(2,868)	(6,578)	(7,701)
Finance Costs		(3)	(1)	(11)	(2)
Share of Associate Profit		<u>(46)</u>	<u>139</u>	<u>(349)</u>	<u>582</u>
Profit/(Loss) Before Taxation	B5	(2,741)	(2,730)	(6,938)	(7,121)
Taxation	B6	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(42)</u>
Profit/(Loss) After Taxation		(2,744)	(2,730)	(6,941)	(7,163)
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>(2,744)</u>	<u>(2,730)</u>	<u>(6,941)</u>	<u>(7,163)</u>
Non-Controlling Interest		<u>123</u>	<u>19</u>	<u>168</u>	<u>20</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>(2,621)</u></u>	<u><u>(2,711)</u></u>	<u><u>(6,773)</u></u>	<u><u>(7,143)</u></u>
Earnings per share (sen) :-					
a) Basic		(0.39)	(0.38)	(0.98)	(1.01)

Note:

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

MANAGEPAY SYSTEMS BERHAD (887689-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

	Unaudited As at 30 September 2018 RM'000	Audited As at 31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,966	16,604
Investment in associate/Subsidiaries	1,900	1,900
Share of Post Acquisition Profit	257	605
Software development	17,527	15,566
Goodwill	55	55
	<u>40,705</u>	<u>34,730</u>
Current assets		
Inventories	8,916	6,151
Trade receivables	967	7,670
Others receivables, deposits and prepayment	8,924	6,885
Current tax asset	1,126	820
Short Term Fund	24,853	38,239
Fixed deposits with a licensed bank	3,951	2,590
Cash and bank balances	4,344	3,143
	<u>53,081</u>	<u>65,498</u>
Total Assets	<u><u>93,786</u></u>	<u><u>100,228</u></u>
EQUITY AND LIABILITIES		
Share capital	112,241	112,241
Exchange Reserves	5	5
Retained Loss	(23,996)	(17,223)
Equity Attributable To Equity Holders of the Company	<u>88,250</u>	<u>95,023</u>
Minority Interests	(174)	(6)
Total Equity	<u>88,076</u>	<u>95,017</u>
Non-current Liabilities		
Deferred tax liability	28	28
	<u>28</u>	<u>28</u>
Current Liabilities		
Trade payables	63	33
Other payables and accruals	5,619	5,124
Hire Purchase Payable	-	26
	<u>5,682</u>	<u>5,183</u>
Total Liabilities	<u>5,710</u>	<u>5,211</u>
TOTAL EQUITY AND LIABILITIES	<u><u>93,786</u></u>	<u><u>100,228</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u><u>0.12</u></u>	<u><u>0.13</u></u>

Note:

- (i) The net assets per share attributable to owners of company is computed based on the number of ordinary shares for the quarter and financial period respectively.

MANAGEPAY SYSTEMS BERHAD (887689-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**

	As at 30 September 2018	Unaudited As at 30 September 2017
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(6,938)	(7,121)
Adjustment for:		
Amortisation of software development	2,100	1,305
Impairment Loss on e-money	-	80
Depreciation of property, plant and equipment	1,573	1,491
(Gain)/Loss on disposal of property, plant and equipment	7	(87)
Impairment Loss on Receivables	575	116
Interest Income received from short term funds	(845)	(363)
Interest Income	(32)	(1,131)
Interest expenses	2	2
Unrealised (gain)/loss foreign exchange	(98)	(185)
Operating profit/(loss) before changes in working capital	<u>(3,656)</u>	<u>(5,893)</u>
Inventories	(2,765)	1,693
Receivables	4,664	3,577
Payables	525	(1,514)
Changes in Working Capital	<u>(1,232)</u>	<u>(2,137)</u>
Interest received	32	1,131
Interest Income received from short term funds	845	363
Tax paid	(306)	(336)
Net Operating Cash Flows	<u>(661)</u>	<u>(979)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additional in software development	(4,061)	(2,342)
Proceeds from disposal of property, plant and equipment	(7)	(79)
Purchase of property, plant and equipment	(7,368)	(5,628)
Net investing cash flows	<u>(11,436)</u>	<u>(8,049)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expenses	349	2
Financing of assets through hire purchase	(25)	26
(Repayment to)/Advances from holding company	969	535
Net financing cash flows	<u>1,293</u>	<u>563</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,804)	(8,465)
Effect of Changes of Exchange Rate	(20)	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	43,972	66,702
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>33,148</u>	<u>58,237</u>

Note:

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

MANAGEPAY SYSTEMS BERHAD (887689-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EXCHANGE RESERVES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance as at 1 January 2018	112,241	-	5	(17,223)	95,023	(6)	95,017
Net profit/(loss) for the financial year	-	-	-	(6,773)	(6,773)	(168)	(6,941)
Balance as at 30 September 2018	<u>112,241</u>	<u>-</u>	<u>5</u>	<u>(23,996)</u>	<u>88,250</u>	<u>(174)</u>	<u>88,076</u>
Balance as at 1 January 2017	71,046	41,195	-	(11,396)	100,845	(9)	100,836
Net profit/(loss) for the financial year	41,195	(41,195)	5	(5,827)	(5,822)	3	(5,819)
Balance as at 31 December 2017	<u>112,241</u>	<u>-</u>	<u>5</u>	<u>(17,223)</u>	<u>95,023</u>	<u>(6)</u>	<u>95,017</u>

Note:

The unaudited Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

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 2017. 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 2017.

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 2017. 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 2017. The Group will adopt all new accounting standards issued by MASB upon its effective date. The significant accounting policies is as follow:-

	Effective for financial periods beginning on or after
<u>New MFRSs</u>	
MFRS 16 Leases	1 January 2019

The adoption of the above standards is not expected to have any significant effects on the interim financial statements upon their initial application.

NOTES TO THE QUARTERLY REPORT (CONTINUED)

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 2017.

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.

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A9. Segmental information

The Group is organized into the following operating segments:

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

The segment information for the quarter ended 30 September 2018 is as follows:

Quarter ended 30 September 2018	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	3,085	427	3,512
Direct Cost			(2,525)
Other unallocated income			345
Administrative and General Expenses			(4,024)
Share of Associate Profit /(Loss)			(46)
Finance costs			(3)
Profit/(Loss) before taxation			<u>(2,741)</u>
Taxation			(3)
Profit/(Loss) after taxation			<u>(2,744)</u>
Non-Controlling interest			123
Profit/(Loss) attributable to owners of the Company			<u>(2,621)</u>
Segment Assets	38,493	2,212	40,705
Tax assets			1,126
Unallocated corporate assets			<u>51,955</u>
			<u>93,786</u>
Segment Liabilities	63	-	63
Tax liabilities			28
Unallocated corporate liabilities			<u>5,619</u>
			<u>5,710</u>

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A9. Segmental information (Continued)

The segment information for the quarter ended 30 September 2017 is as follows:

Quarter ended 30 September 2017	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	1,459	2	1,461
Direct Cost			(968)
Other unallocated income			517
Administrative and General Expenses			(3,878)
Share of Associate Loss/(Profit)			139
Finance costs			(1)
Profit/(Loss) before taxation			(2,730)
Taxation			-
Profit/(Loss) after taxation			(2,730)
Exchange Difference			-
Total comprehensive Profit/(Loss)			(2,730)
Non-controlling interest			19
Profit/(Loss) attributable to owners of the Company			(2,711)
Segment assets	27,945	2,748	30,693
Tax assets			508
Unallocated corporate assets			66,339
			97,540
Segment Liabilities	74	-	74
Tax liabilities			404
Unallocated corporate liabilities			3,363
			3,841

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 2017.

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A12. Capital expenditure

There are no material capital expenditure in respect of property, plant and equipment as at 31 December 2017.

A13. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

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

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A16. Significant related party transactions (Continued)

(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

	Individual Quarter	
	Current Quarter	Preceding Year Corresponding Quarter
	30 September 2018 RM'000	30 September 2017 RM'000
Rental expenses	94	78
Short term employee benefits	54	49

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	30 September 2018 RM'000	30 September 2017 RM'000
Rental expenses	254	252
Short term employee benefits	152	147

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

1. Review of performance

	***** Individual Quarter *****			***** Cumulative Quarter *****		
	Current year quarter	Preceding year corresponding quarter		Current year to date	Preceding year corresponding period	
	30 September 2018	30 September 2017	Increase / (Reduce)	30 September 2018	30 September 2017	Increase / (Reduce)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,512	1,461	2,051	9,293	4,491	4,802
Operating Profit/(Loss)	(2,692)	(2,868)	(176)	(6,578)	(7,701)	(1,123)
Profit/(Loss) Before Tax	(2,741)	(2,730)	11	(6,938)	(7,121)	(183)
Profit/(Loss) After Tax	(2,744)	(2,730)	14	(6,941)	(7,163)	(222)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,621)	(2,711)	(90)	(6,773)	(7,143)	(370)

MPay and its subsidiaries (“Group”) recorded revenue of RM3.512 million in the quarter ended 30 September 2018 (“current quarter”) compared with the revenue of RM1.461 million in the preceding year corresponding quarter representing an increase of 140% or RM2.051 million in the current quarter under review. The increase in revenue was due to the increase in payment services revenue.

The Group recorded Loss Before Tax of RM2.741 million during the current quarter compared to Loss Before Tax of RM2.730 million compared to preceding year corresponding quarter. The Group recorded a Loss After Tax of RM2.744 million for the current quarter under review as compared to Loss After Tax of RM2.730 million recorded in the preceding year corresponding quarter. Despite increase of revenue, the group recorded about the same Loss After Tax because of the increase of depreciation and amortisation expenses.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM33.15 million. The total order book as at 30 September 2018 was RM0.841 million.

2. Material changes to the results of the preceding quarter

	***** Individual Quarter *****		
	Current quarter	Preceding quarter	Increase / (Reduce)
	30 September 2018	30 June 2018	
	RM'000	RM'000	RM'000
Revenue	3,512	2,993	519
Operating Profit/(Loss)	(2,692)	(1,443)	1,249
Profit/(Loss) Before Tax	(2,741)	(1,789)	952
Profit/(Loss) After Tax	(2,744)	(1,789)	955
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,621)	(1,752)	869

Under the current financial quarter review, the Group recorded revenue of RM3.512 million, representing an increase in revenue of RM0.519 million as compared to RM2.993 million recorded in the immediate preceding quarter. The Group recorded Loss Before Tax of RM2.741 million, representing an increase in loss before tax of RM0.952 million as compared to RM1.789 million recorded in the immediate preceding quarter.

3. Prospects of the Group

The Group has grown in terms of revenue by 140% from Quarter 3 Year 2017 to Quarter 3 Year 2018 and 107% from Year to date September 2017 to Year to date September 2018. This significant increase of revenue was due to the successful roll out of the products as a result of the materialization of the financial related operating licenses that the Group has acquired in the last 5 years. All the Group Fintech capabilities derived from these licenses have gone through stringent compliance requirements set by the relevant regulatory bodies and have been operational without problem over the last 12 months. Hence we expect very healthy growth in our payment services revenue in the Year 2019 and beyond.

The Group has added one more product to its portfolio which is the “QuicKredit” and is expected to be launched by last quarter of the year or early next year. The service provided under this product is to provide financial assistance to individuals and SMEs.

3. Prospects of the Group (Continued)

QuicKredit is complementary to the Group's QuicKash P2P SME Financing service, a licensed Recognised Market Operator by Securities Commission of Malaysia. QuicKash is the only P2P Financing Recognised Market Operator that offers principal-protection investments and the platform attributes much of its success to this unique feature that offers investors a guarantee on their principal sum invested. To date QuicKash has successfully raised RM12.6 Million for 13 SMEs

All the capabilities that the Group has built over the years have resulted in a growing Fintech business. The Group has set its focus on six different ecosystems, and we started the fintech investment since year 2012 in the core Fintech technology, licenses acquisitions and process development. These core technologies include but not limited to epayment, ecommerce, ewallet, e logistics, cyber security, IoT and cloud. Future core technologies that the group plans to acquire will be big data analytics, artificial intelligence and blockchain. The ecosystems the Group focuses are Internet finance, retails, healthcare, tourism, cross border trade and smart city initiatives.

Years of investment and research into Fintech is starting to pay off. Premised on the above and given the outlook of the finance industry and business aligned to the government digital Economy strategy, the Group is well positioned to capture the growth in the Fintech industry in the coming years

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 September 2018	Preceding Year Corresponding Quarter 30 September 2017	Current Year-to-date 30 September 2018	Preceding Year Corresponding Period 30 September 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(276)	(390)	(877)	(1,494)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(69)	(127)	(107)	(128)
Depreciation & amortisation	1,184	990	3,673	2,796
Loss/(Gain) on disposal of plant and equipment	-	(80)	7	(87)
Loss/(Gain) on foreign exchange	(79)	12	(98)	(185)
Impairment of trade receivable	235	-	575	116
Interest Expenses	3	1	11	2

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income tax charge	(3)	-	(3)	(29)
Deferred taxation	-	-	-	(13)
Tax expense	(3)	-	(3)	(42)

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:

(b) Utilisation of proceeds

i) Private Placement 2015: MPay Issuer Project

The Private Placement was completed on 21 July 2015. The gross proceeds received were RM29,967,436. The gross proceeds raised from the Private Placement are proposed to be utilised in the following manner:

PURPOSE	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for utilisation Within	Deviation		Explanation (if deviation is 5% or more)
				RM'000	%	
(a) Capital Expenditure	18,000	1,005	within 2 Years	16,995	94%	The Research & Development is in work in progress
(b) Other Operating Expenditure	11,567	11,567	within 1 Year	-	-%	The Research & Development is in work in progress
(c) Estimated expenses in relation to Private Placement	400	399	within 1 month	1	0.3%	The Research & Development is in work in progress
	<u>29,967</u>	<u>12,971</u>		<u>16,996</u>		

Notes:

- (1) In view that the actual expenses in relation to Private Placement were lower than estimated, the excess of RM 37,000 will be utilized for other operating expenditure.

7. Status of corporate proposal (Continued)

(ii) Warrant 2012/2015: Payment Technology

The proceeds from exercise of the warrant have been completed in August 2015 and the proceed has been utilized as follow:

PURPOSE	Proposed Utilisation	Actual Utilisation	Intended Timeframe for utilisation	Deviation		Explanation (if deviation is 5% or more)
	RM'000	RM'000	Within	RM'000	%	
Capital						
(a) Expenditure	24,851	6,424	within 2 Years	18,427	76%	The Research & Development is in work in progress
Other Operating						
(b) Expenditure	10,650	1,279	within 1 Year	9,371	88%	The Research & Development is in work in progress
	<u>35,501</u>	<u>7,703</u>		<u>27,798</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 September 2018	Preceding Year Corresponding Quarter 30 September 2017	Cumulative Year-to-date 30 September 2018	Cumulative Year-to-date 30 September 2017
Total comprehensive Income attributable to owners of the Company (RM'000)	(2,744)	(2,730)	(6,941)	(7,163)
Weighted average number of ordinary shares in issue ('000)	710,466	710,466	710,466	710,466
Basic earnings per ordinary share (sen)	(0.39)	(0.38)	(0.98)	(1.01)

11. Earnings per Share (Continued)

(b) Diluted earnings per ordinary share

The Group has no dilution in their loss per ordinary share as there were no dilutive potential ordinary shares.

12. 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) Gain or loss on disposal of quoted or unquoted investments or properties;
- (b) Gain or loss on derivatives;
- (c) Interest expense;
- (d) Exceptional items;
- (e) Provision For Impairment;
- (f) Provision For Doubtful Debt; and
- (g) Bad Debt Write Off

13. This interim financial report is dated 26 November 2018.

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