

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 30 September 2019 RM'000	Preceding year corresponding quarter 30 September 2018 RM'000	Current year to date 30 September 2019 RM'000	Unaudited results corresponding period 30 September 2018 RM'000
Revenue		5,769	3,512	12,386	9,293
Direct Costs		<u>(1,736)</u>	<u>(2,525)</u>	<u>(5,264)</u>	<u>(5,372)</u>
Gross Profit		4,033	987	7,122	3,921
Other Income		496	345	1,041	984
Administrative and General Expenses		<u>(4,159)</u>	<u>(4,024)</u>	<u>(12,956)</u>	<u>(11,483)</u>
Operating Gain / (Loss)		370	(2,692)	(4,793)	(6,578)
Finance Costs		(4)	(3)	(10)	(11)
Share of Associate Profit		<u>(77)</u>	<u>(46)</u>	<u>322</u>	<u>(349)</u>
Profit/(Loss) Before Taxation	B5	289	(2,741)	(4,481)	(6,938)
Taxation	B6	<u>(36)</u>	<u>(3)</u>	<u>(36)</u>	<u>(3)</u>
Profit/(Loss) After Taxation		253	(2,744)	(4,517)	(6,941)
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>253</u>	<u>(2,744)</u>	<u>(4,517)</u>	<u>(6,941)</u>
Non-Controlling Interest		<u>(8)</u>	<u>(123)</u>	<u>(85)</u>	<u>(168)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>261</u></u>	<u><u>(2,621)</u></u>	<u><u>(4,432)</u></u>	<u><u>(6,773)</u></u>
Earnings per share (sen) :-					
a) Basic		0.04	(0.37)	(0.62)	(0.95)

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 2018.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Unaudited As at 30 September 2019 RM'000	Audited As at 31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,026	20,474
Investment in associate/Subsidiaries	1,860	1,860
Share of Post Acquisition Profit	1,334	1,012
Software development	19,529	18,103
	<u>45,749</u>	<u>41,449</u>
Current assets		
Inventories	9,444	9,768
Trade receivables	13,041	8,885
Others receivables, deposits and prepayment	8,146	3,998
Current tax asset	439	586
Short Term Fund	6,104	17,644
Fixed deposits with a licensed bank	1,542	3,981
Cash and bank balances	4,677	6,043
	<u>43,393</u>	<u>50,905</u>
Total Assets	<u><u>89,142</u></u>	<u><u>92,354</u></u>
EQUITY AND LIABILITIES		
Share capital	112,241	112,241
Exchange Reserves	(1)	18
Accumulated Losses	(30,261)	(25,829)
Equity Attributable To Equity Holders of the Company	<u>81,979</u>	<u>86,430</u>
Non-controlling interest	(274)	(189)
Total Equity	<u>81,705</u>	<u>86,241</u>
Non-current Liabilities		
Deferred tax liabilities	109	109
	<u>109</u>	<u>109</u>
Current Liabilities		
Trade payables	-	18
Other payables and accruals	7,328	5,986
	<u>7,328</u>	<u>6,004</u>
Total Liabilities	<u>7,437</u>	<u>6,113</u>
TOTAL EQUITY AND LIABILITIES	<u><u>89,142</u></u>	<u><u>92,354</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.13</u>	<u>0.13</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

	As at 30 September 2019	Unaudited As at 30 September 2018
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(4,481)	(6,938)
Adjustment for:		
Amortisation of software development	3,421	2,100
Depreciation of property, plant and equipment	3,178	2,885
(Gain)/Loss on disposal of property, plant and equipment	(276)	(25)
Impairment Loss on Receivables	788	575
Interest Income received from short term funds	(521)	(845)
Interest Income	(189)	(32)
Interest expenses	10	11
Share of Associate Profit/(Loss)	(322)	349
Unrealised (gain)/loss foreign exchange	(216)	(98)
Operating profit/(loss) before changes in working capital	1,392	(2,018)
Inventories	324	(2,765)
Receivables	(8,895)	4,206
Payables	1,324	525
Changes in Working Capital	(5,855)	(52)
Interest received	189	32
Interest Income received from short term funds	521	845
Tax refund/(Tax paid)	111	(309)
Net Operating Cash Flows	(5,034)	516
CASH FLOW FROM INVESTING ACTIVITIES		
Additional in software development	(4,847)	(4,061)
Proceeds from disposal of property, plant and equipment	1,387	146
Purchase of property, plant and equipment	(6,841)	(7,368)
Net investing cash flows	(10,301)	(11,283)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expenses	(10)	(11)
Repayment of hire purchase	-	(26)
Net financing cash flows	(10)	(37)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,345)	(10,804)
Effect of Changes of Exchange Rate	-	(20)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	27,668	43,972
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12,323	33,148

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 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

	Share Capital RM'000	Exchange reserves RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2019	112,241	18	(25,829)	86,430	(189)	86,241
Net profit/(loss) for the financial year	-	(19)	(4,432)	(4,451)	(85)	(4,536)
Balance as at 30 September 2019	<u>112,241</u>	<u>(1)</u>	<u>(30,261)</u>	<u>81,979</u>	<u>(274)</u>	<u>81,705</u>
Balance as at 1 January 2018	112,241	5	(17,223)	95,023	(6)	95,017
Loss for the financial year	-	-	(8,606)	(8,606)	(183)	(8,789)
Other comprehensive income for the financial year	-	13	-	13	-	13
Balance as at 31 December 2018	<u>112,241</u>	<u>18</u>	<u>(25,829)</u>	<u>86,430</u>	<u>(189)</u>	<u>86,241</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 2018.

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 2018. 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 2018.

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 2018. 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 2018. The Group has adopted 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 do not have any significant effects on the interim financial statements.

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 2018.

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 2019 is as follows:

Quarter ended 30 September 2019	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	3,760	2,009	5,769
Direct Cost			(1,736)
Other unallocated income			496
Administrative and General Expenses			(4,159)
Share of Associate Profit /(Loss)			(77)
Finance costs			(4)
Profit/(Loss) before taxation			289
Taxation			(36)
Profit/(Loss) after taxation			253
Non-Controlling interest			8
Profit/(Loss) attributable to owners of the Company			261
Segment Assets	42,555	3,194	45,749
Tax assets			439
Unallocated corporate assets			42,954
			89,142
Segment Liabilities	-	-	-
Tax liabilities			109
Unallocated corporate liabilities			7,328
			7,437

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A9. Segmental information (Continued)

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 Loss/(Profit)			(46)
Finance costs			(3)
Profit/(Loss) before taxation			(2,741)
Taxation			(3)
Profit/(Loss) after taxation			(2,744)
Non-controlling interest			123
Profit/(Loss) attributable to owners of the Company			(2,621)
Segment assets	38,493	2,212	40,705
Tax assets			1,126
Unallocated corporate assets			51,955
			93,786
Segment Liabilities	63	-	63
Tax liabilities			28
Unallocated corporate liabilities			5,619
			5,710

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 September 2019.

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A12. Capital expenditure

There are no material capital expenditure in respect of property, plant and equipment as at 30 September 2019.

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
		30 September 2019	Corresponding
		RM'000	Quarter
			30 September 2018
			RM'000
Rental expenses		69	69
Short term employee benefits		169	133

		Cumulative Quarter	
		Current Quarter	Preceding Year
		30 September 2019	Corresponding
		RM'000	Period
			30 September 2018
			RM'000
Rental expenses		207	207
Short term employee benefits		479	432

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 30 September 2019	Preceding year corresponding quarter 30 September 2018	Increase/ (Reduce)	Current year to date 30 September 2019	Preceding year corresponding period 30 September 2018	Increase/ (Reduce)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,769	3,512	2,257	12,386	9,293	3,093
Operating Profit/(Loss)	370	(2,692)	(3,062)	(4,793)	(6,578)	(1,785)
Profit/(Loss) Before Tax	289	(2,741)	(3,030)	(4,481)	(6,938)	(2,457)
Profit/(Loss) After Tax	253	(2,741)	(2,994)	(4,517)	(6,941)	(2,424)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	261	(2,621)	(2,882)	(4,432)	(6,773)	(2,341)

MPay and its subsidiaries (“Group”) recorded a revenue of RM5.769 million in the quarter ended 30 September 2019 (“current quarter”) compared with the revenue of RM3.512 million in the preceding year corresponding quarter representing an increase of RM2.257 million in the current quarter under review mainly due to the increase of both payment and non-payment revenue. The Group Q3 2019 recorded a Profit After Tax of RM0.253 million as compared to Loss after tax of RM2.741 million recorded in preceding year’s corresponding quarter.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM12.323million. The total order book and contract received as at 30 September 2019 was RM1.380 million.

2. Material changes to the results of the preceding quarter

***** Individual Quarter *****

	Current quarter 30 September 2019	Preceding quarter 30 June 2019	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	5,769	3,556	2,213
Operating Profit/(Loss)	370	(3,502)	(3,872)
Profit /(Loss) Before Tax	289	(3,109)	(3,398)
Profit/(Loss) After Tax	253	(3,109)	(3,362)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	261	(3,041)	(3,302)

MPay and its subsidiaries (“Group”) recorded revenue of RM5.769 million in the quarter ended 30 September 2019 (“current quarter”) compared with the revenue of RM3.556 million in the immediate preceding quarter representing an increase of RM2.213 million in the current quarter under review due to the increase of both payment and non-payment revenue.

The Group recorded Profit Before Tax of RM0.289 million during the current quarter compared to Loss Before Tax of RM3.109 million compared to immediate preceding quarter.

3. Prospects of the Group

The Group continues its focus on ePayment, eWallet, eCommerce, eTrade, cyber security, IoT and cloud solution with a strong mass market strategy.

On the ePayment front, the Group continues to grow its multi eWallets acceptance capabilities and on track to process 13 QR acceptance and 6 global card schemes by early next year. MPay is ready to go to market with one of the most comprehensive integrated and innovative payment solution in the country. In October, the Group successfully enabled a conglomerate to facilitate Cards and eWallet payment acceptance for License Plate Recognition “LPR” vehicle parking project at its flagship building.

E-commerce sees the Group’s platform, BuyMalaysia saw a spike in its merchant acquisition into the platform. The e-commerce platform has seen an increase in Gross Merchandise Volume (“GMV”) from Q2 to Q3 2019 by 190%. With the ecommerce platform now focusing on trade, buymalaysia.com will solicit more merchants to further increase the market share and GMV for both domestic and international trade.

The Group’s associate company Trustgate Berhad (“Trustgate”) is on track to launch Digital Identity solution early next year to tap into expanding cyber security requirements in Malaysia in the digital economy era. On the IoT and Cloud solution front, the Group brought to market the “MBOX” smart set-top-boxes whilst work in underway in distributing the sponsored MYTV set-top-boxes to eligible (B40 recipients).

In view of the above mentioned, the Board of Directors are of the view that, barring any unforeseen circumstances, the Group is moving towards developing a sustainable source of income stream 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 2019	Preceding Year Corresponding Quarter 30 September 2018	Current Year-to-date 30 September 2019	Preceding Year Corresponding Period 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(283)	(276)	(710)	(877)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(8)	(86)	(55)	(107)
Depreciation & amortisation	2,200	1,676	6,599	4,985
Loss/(Gain) on disposal of plant and equipment	(204)	-	(276)	7
Loss/(Gain) on foreign exchange	(75)	(88)	(216)	(98)
Impairment of trade receivable	710	235	788	575
Interest Expenses	4	3	10	11

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 September 2019	Preceding Year Corresponding Quarter 30 September 2018	Current Year-to-date 30 September 2019	Preceding Year Corresponding Period 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Income tax charge	36	-	36	-
Deferred taxation	-	-	-	-
Tax expense	36	-	36	-

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	Actual Utilisation	Intended Timeframe for utilisation	Deviation		Explanation (if deviation is 5% or more)
	RM'000	RM'000	Within	RM'000	%	
(a) Capital Expenditure	18,000	3,174	within 2 Years	14,826	82%	The Research & Development is in work in progress
(b) Other Operating Expenditure	11,567	11,567	within 1 Year	Nil	Nil	The Research & Development is in work in progress
(c) Estimated expenses in relation to Private Placement	400	399	within 1 month	1	0.003%	The Research & Development is in work in progress
	<u>29,967</u>	<u>15,140</u>		<u>14,827</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.

(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	%	
(a) Capital Expenditure	24,851	24,851	within 2 Years	Nil	Nil	The Research & Development is in work in progress
(b) Other Operating Expenditure	10,650	10,647	within 1 Year	3	0.0003%	The Research & Development is in work in progress
	<u>35,501</u>	<u>35,498</u>		<u>3</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 was 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 2019	Preceding Year Corresponding Quarter 30 September 2018	Cumulative Year-to-date 30 September 2019	Cumulative Year-to-date 30 September 2018
Total comprehensive Income attributable to owners of the Company (RM'000)	261	(2,621)	(4,432)	(6,773)
Weighted average number of ordinary shares in issue ('000)	710,466	710,466	710,466	710,466
Basic earnings per ordinary share (sen)	0.04	(0.37)	(0.62)	(0.95)

(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 2019.

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