

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2019**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 31 December 2019 RM'000	Preceding year corresponding quarter 31 December 2018 RM'000	Current year to date 31 December 2019 RM'000	Audited results corresponding period 31 December 2018 RM'000
<b>Revenue</b>		5,636	2,813	18,022	10,716
Direct Costs		<u>(6,072)</u>	<u>(2,094)</u>	<u>(11,336)</u>	<u>(9,081)</u>
<b>Gross Profit</b>		(436)	719	6,686	1,635
Other Income		412	1,349	1,453	2,706
Administrative and General Expenses		<u>(528)</u>	<u>(3,820)</u>	<u>(13,484)</u>	<u>(13,352)</u>
<b>Operating Gain / (Loss)</b>		(552)	(1,752)	(5,345)	(9,011)
Finance Costs		1	(4)	(9)	-
Share of Associate Profit		<u>94</u>	<u>518</u>	<u>416</u>	<u>366</u>
<b>Profit/(Loss) Before Taxation</b>	B5	(457)	(1,238)	(4,938)	(8,645)
Taxation	B6	<u>(141)</u>	<u>(140)</u>	<u>(177)</u>	<u>(143)</u>
<b>Profit/(Loss) After Taxation</b>		(598)	(1,378)	(5,115)	(8,788)
Exchange Different		(28)	-	(28)	13
<b>Total comprehensive Profit / (Loss)</b>		<u>(626)</u>	<u>(1,378)</u>	<u>(5,143)</u>	<u>(8,775)</u>
Non-Controlling Interest		<u>1</u>	<u>157</u>	<u>(84)</u>	<u>(182)</u>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company</b>		<u>(627)</u>	<u>(1,221)</u>	<u>(5,059)</u>	<u>(8,593)</u>
Earnings per share (sen) :-					
a) Basic		(0.09)	(0.17)	(0.71)	(1.21)

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 31 DECEMBER 2019

	Unaudited As at 31 December 2019 RM'000	Audited As at 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	22,751	20,475
Right to use asset	180	-
Investment in associate/Subsidiaries	3,389	1,860
Share of Post Acquisition Profit	1,388	1,012
Software development	20,487	18,103
Short term fund	622	622
Trade and other receivables	28	4,834
	<u>48,845</u>	<u>46,906</u>
<b>Current assets</b>		
Inventories	11,679	9,769
Trade receivables	13,939	4,544
Others receivables, deposits and prepayment	3,340	3,504
Other investment	-	3,285
Current tax asset	212	586
Short Term Fund	5,215	13,737
Fixed deposits with a licensed bank	4,568	3,981
Cash and bank balances	351	6,042
	<u>39,304</u>	<u>45,448</u>
<b>Total Assets</b>	<u><u>88,149</u></u>	<u><u>92,354</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	112,241	112,241
Exchange Reserves	(10)	18
Accumulated Losses	<u>(30,862)</u>	<u>(25,829)</u>
<b>Equity Attributable To Equity Holders of the Company</b>	81,369	86,430
Non-controlling interest	<u>(273)</u>	<u>(189)</u>
<b>Total Equity</b>	81,096	86,241
<b>Non-current Liabilities</b>		
Lease liability - Rental	134	-
Deferred tax liabilities	223	109
	<u>357</u>	<u>109</u>
<b>Current Liabilities</b>		
Trade payables	10	-
Other payables and accruals	6,628	6,004
Lease liability - Rental	58	-
	<u>6,696</u>	<u>6,004</u>
<b>Total Liabilities</b>	<u>7,053</u>	<u>6,113</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>88,149</u></u>	<u><u>92,354</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.12</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 31 DECEMBER 2019**

	As at 31 December 2019	Audited As at 31 December 2018
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(4,938)	(8,645)
Adjustment for:		
Amortisation of software development	3,368	2,797
Depreciation of property, plant and equipment	4,295	3,933
(Gain)/Loss on disposal of property, plant and equipment	(273)	(40)
Impairment Loss on Receivables	2,132	1,177
Impairment loss on goodwill	-	54
Inventories written off	-	68
Interest Income received from short term funds	(644)	(948)
Interest Income	(255)	(363)
Interest expenses	9	-
Share of Associate Profit/(Loss)	(416)	(367)
Unrealised (gain)/loss foreign exchange	(151)	76
Operating profit/(loss) before changes in working capital	<u>3,127</u>	<u>(2,258)</u>
Inventories	(1,911)	(3,685)
Receivables	(3,121)	438
Payables	635	837
Changes in Working Capital	<u>(1,270)</u>	<u>(4,668)</u>
Interest received	255	363
Interest Income received from short term funds	644	948
Tax refund/(Tax paid)	309	172
<b>Net Operating Cash Flows</b>	<u>(62)</u>	<u>(3,185)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additional in software development	(5,752)	(5,334)
Increase in investment in associated	(1,489)	-
Lease rental net repayment	192	-
Placement of other investment	-	(686)
Net withdrawal (placement) of fixed deposits	1,166	18
Proceeds from disposal of property, plant and equipment	1,385	180
Purchase of property, plant and equipment	(7,864)	(7,941)
<b>Net investing cash flows</b>	<u>(12,362)</u>	<u>(13,763)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest expenses	(9)	-
Repayment of hire purchase	-	(25)
<b>Net financing cash flows</b>	<u>(9)</u>	<u>(25)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(12,433)	(16,973)
Effect of Changes of Exchange Rate	(28)	21
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	23,217	40,169
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>10,756</u></u>	<u><u>23,217</u></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 2018.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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
Prior year adjustment	-	-	(2)	(2)	-	(2)
Net profit/(loss) for the financial year	-	(28)	(5,031)	(5,059)	(84)	(5,143)
	<u>112,241</u>	<u>(10)</u>	<u>(30,862)</u>	<u>81,369</u>	<u>(273)</u>	<u>81,096</u>
Balance as at 31 December 2019	<u>112,241</u>	<u>(10)</u>	<u>(30,862)</u>	<u>81,369</u>	<u>(273)</u>	<u>81,096</u>
Balance as at 1 January 2018	112,241	5	(17,223)	95,023	(6)	95,017
Loss for the financial year	-	13	(8,606)	(8,593)	(183)	(8,776)
Other comprehensive income for the financial year	-	-	-	-	-	-
	<u>112,241</u>	<u>18</u>	<u>(25,829)</u>	<u>86,430</u>	<u>(189)</u>	<u>86,241</u>
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: -

	<b>Effective for financial periods beginning on or after</b>
<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 31 December 2019 is as follows:

<b>Quarter ended 31 December 2019</b>	<b>Payment Services RM'000</b>	<b>Non Payment Services RM'000</b>	<b>Total Services RM'000</b>
Segment Revenue	1,362	4,274	5,636
Direct Cost			(6,072)
Other unallocated income			412
Administrative and General Expenses			(528)
Share of Associate Profit /(Loss)			94
Finance costs			1
Profit/(Loss) before taxation			(457)
Taxation			(141)
Profit/(Loss) after taxation			(598)
Exchange different			(28)
Non-Controlling interest			(1)
Profit/(Loss) attributable to owners of the Company			(627)
Segment Assets	44,068	4,777	48,845
Tax assets			212
Unallocated corporate assets			39,092
			88,149
Segment Liabilities	10	-	10
Tax liabilities			223
Unallocated corporate liabilities			6,820
			7,053

**NOTES TO THE QUARTERLY REPORT (CONTINUED)**

**A9. Segmental information (Continued)**

The segment information for the quarter ended 31 December 2018 is as follows:

<b>Quarter ended 31 December 2018</b>	<b>Payment Services RM'000</b>	<b>Non Payment Services RM'000</b>	<b>Total Services RM'000</b>
Segment Revenue	969	1,844	2,813
Direct Cost			(2,094)
Other unallocated income			1,349
Administrative and General Expenses			(3,820)
Share of Associate Loss/(Profit)			518
Finance costs			(4)
Profit/(Loss) before taxation			(1,238)
Taxation			(140)
Profit/(Loss) after taxation			(1,378)
Non-controlling interest			157
Profit/(Loss) attributable to owners of the Company			(1,221)
			<hr/>
Segment assets	44,034	2,872	46,906
Tax assets			586
Unallocated corporate assets			44,862
			<hr/> <hr/>
			92,354
			<hr/>
Segment Liabilities	-	-	-
Tax liabilities			109
Unallocated corporate liabilities			6,004
			<hr/> <hr/>
			6,113

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 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 31 December 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 Corresponding Quarter
	31 December 2019 RM'000	31 December 2018 RM'000
Rental expenses	69	45
Short term employee benefits	148	118

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	31 December 2019 RM'000	31 December 2018 RM'000
Rental expenses	276	180
Short term employee benefits	627	551

**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 31 December 2019	Preceding year corresponding quarter 31 December 2018	Increase/ (Reduce)	Current year to date 31 December 2019	Preceding year corresponding period 31 December 2018	Increase/ (Reduce)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,636	2,813	2,823	18,022	10,716	7,306
Operating Profit/(Loss)	(552)	(1,752)	(1,200)	(5,345)	(9,011)	(3,666)
Profit/(Loss) Before Tax	(457)	(1,238)	(781)	(4,938)	(8,645)	(3,707)
Profit/(Loss) After Tax	(598)	(1,378)	(780)	(5,115)	(8,788)	(3,673)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(627)	(1,221)	(594)	(5,059)	(8,593)	(3,534)

MPay and its subsidiaries (“Group”) recorded revenue of RM5.636 million in the quarter ended 31 December 2019 (“current quarter”) compared with the revenue of RM2.813 million in the preceding year corresponding quarter representing an increase of RM2.823 million in the current quarter under review. The increase in revenue was due to the increase in payment revenue derive from the integration of software.

The Group Q4 2019 recorded a Loss After Tax of RM0.598 million as compared to Loss after tax of RM1.378 million recorded in preceding year’s corresponding quarter. The decrease in loss after tax in current quarter was mainly due to the payment revenue derive from the integration of software approximate RM2.0million.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM10.756million. The total order book and contract received as at 31 December 2019 was RM1.235 million.

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

\*\*\*\*\* Individual Quarter \*\*\*\*\*

	Current quarter 31 December 2019	Preceding quarter 30 September 2019	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	5,636	5,769	(133)
Operating Profit/(Loss)	(552)	370	(922)
Profit /(Loss) Before Tax	(457)	289	(746)
Profit/(Loss) After Tax	(598)	253	(851)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(627)	261	(888)

MPay and its subsidiaries (“Group”) recorded revenue of RM5.636 million in the quarter ended 31 December 2019 (“current quarter”) compared with the revenue of RM5.769 million in the immediate preceding quarter representing an decrease of RM0.133 million in the current quarter under review.

The Group recorded Loss Before Tax of RM0.457 million during the current quarter compared to Profit Before Tax of RM0.289 million compared to immediate preceding quarter. The loss after tax of RM0.598 million was mainly due to the additional amortisation of software development cost approximate RM0.410million.

## 3. Prospects of the Group

The e-payment business continues to grow and is operationally profitable to the Group with on-going sustainable key projects including the Sunway License Plate Recognition (LPR) parking rollout and newly confirmed KFC cashless drive thru implementation. Our appointment as System Integrators for Touch & Go pay direct RFID payment will see new implementation of RFID payment, starting with the two projects mentioned above.

The Group's mass market strategy also sees cautious positive uptakes with a spike in cashless tools adoption by small traders and start-up entrepreneurs while its ecommerce business continues to steadily grow its Gross Merchandise Volume (GMV). Major contributing factors include the Q3 2019 awarded project to distribute of the MYTV set-top-boxes to qualified B40 recipients.

The Group remains cautiously positive that its quarterly revenues and earnings will continue to increase year over year. Its revenue for the current quarter at RM5.636million is a significant increase in revenue against Q4 2018's RM2.813million.

#### 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 December 2019	Preceding Year Corresponding Quarter 31 December 2018	Current Year-to-date 31 December 2019	Preceding Year Corresponding Period 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(189)	(378)	(899)	(1,311)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(223)	(971)	(281)	(1,355)
Depreciation & amortisation	1,064	1,745	7,663	6,730
Loss/(Gain) on disposal of plant and equipment	3	94	(273)	(40)
Loss/(Gain) on foreign exchange	65	118	(151)	76
Impairment of trade receivable	1,344	602	2,132	1,177
Interest Expenses	(1)	(4)	9	-

#### 6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 December 2019	Preceding Year Corresponding Quarter 31 December 2018	Current Year-to-date 31 December 2019	Preceding Year Corresponding Period 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Income tax charge	29	60	65	61
Deferred taxation	112	80	112	82
Tax expense	141	140	177	143

## 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	3,678	within 2 Years	14,322	79.6%	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>15,644</u>		<u>14,323</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 31 December 2019	Preceding Year Corresponding Quarter 31 December 2018	Cumulative Year-to-date 31 December 2019	Cumulative Year-to-date 31 December 2018
Total comprehensive Income attributable to owners of the Company (RM'000)	(627)	(1,221)	(5,059)	(8,593)
Weighted average number of ordinary shares in issue ('000)	710,466	710,466	710,466	710,466
Basic earnings per ordinary share (sen)	(0.09)	(0.17)	(0.71)	(1.21)

### (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 27 February 2020.

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