

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 31 March 2020 RM'000	Preceding year corresponding quarter 31 March 2019 RM'000	Current year to date 31 March 2020 RM'000	Unaudited results corresponding period 31 March 2019 RM'000
Revenue		3,051	4,108	3,051	4,108
Direct Costs		<u>(1,450)</u>	<u>(1,675)</u>	<u>(1,450)</u>	<u>(1,675)</u>
Gross Profit		1,601	2,433	1,601	2,433
Other Income		178	275	178	275
Administrative and General Expenses		<u>(6,963)</u>	<u>(4,367)</u>	<u>(6,963)</u>	<u>(4,367)</u>
Operating Gain / (Loss)		(5,184)	(1,659)	(5,184)	(1,659)
Finance Costs		-	(3)	-	(3)
Share of Associate Profit		<u>(50)</u>	<u>3</u>	<u>(50)</u>	<u>3</u>
Profit/(Loss) Before Taxation	B5	(5,234)	(1,659)	(5,234)	(1,659)
Taxation	B6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) After Taxation		(5,234)	(1,659)	(5,234)	(1,659)
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>(5,234)</u>	<u>(1,659)</u>	<u>(5,234)</u>	<u>(1,659)</u>
Non-Controlling Interest		<u>(45)</u>	<u>(8)</u>	<u>(45)</u>	<u>(8)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>(5,189)</u></u>	<u><u>(1,651)</u></u>	<u><u>(5,189)</u></u>	<u><u>(1,651)</u></u>
Earnings per share (sen) :-					
a) Basic		(0.73)	(0.23)	(0.73)	(0.23)

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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Unaudited As at 31 March 2020 RM'000	Audited As at 31 December 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,908	22,931
Investment in associate	3,349	3,349
Share of Post Acquisition Profit	1,374	1,424
Software development	19,879	20,204
Trade and other receivables	-	10
	<u>47,510</u>	<u>47,918</u>
Current assets		
Inventories	11,415	11,679
Trade and other receivable	15,790	18,049
Other investment	622	622
Current tax asset	291	211
Short Term Fund	501	3,556
Fixed deposits with a licensed bank	4,606	4,575
Cash and bank balances	1,027	1,048
	<u>34,252</u>	<u>39,740</u>
Total Assets	<u><u>81,762</u></u>	<u><u>87,658</u></u>
EQUITY AND LIABILITIES		
Share capital	112,241	112,241
Exchange Reserves	(9)	15
Accumulated Losses	(36,496)	(31,307)
Equity Attributable To Equity Holders of the Company	<u>75,736</u>	<u>80,949</u>
Non-controlling interest	(313)	(268)
Total Equity	<u>75,423</u>	<u>80,681</u>
Non-current Liabilities		
Lease liability - Rental	-	125
Deferred tax liabilities	145	145
	<u>145</u>	<u>270</u>
Current Liabilities		
Lease liability - Rental	-	58
Trade and other payables	5,812	6,330
Hire purchase	382	319
	<u>6,194</u>	<u>6,707</u>
Total Liabilities	<u>6,339</u>	<u>6,977</u>
TOTAL EQUITY AND LIABILITIES	<u><u>81,762</u></u>	<u><u>87,658</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.12</u>	<u>0.12</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 MARCH 2020**

	As at 31 March 2020	Unaudited As at 31 March 2019
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(5,234)	(1,659)
Adjustment for:		
Amortisation of software development	1,396	1,145
Depreciation of property, plant and equipment	984	1,052
Impairment Loss on Receivables	2,494	118
(Gain)/Loss on disposal of property, plant and equipment	(1)	(61)
Interest Income	(108)	(185)
Interest expenses	-	3
Share of Associate Profit/(Loss)	50	(3)
Operating profit/(loss) before changes in working capital	<u>(419)</u>	<u>410</u>
Inventories	264	364
Receivables	(225)	(1,236)
Payables	(1,020)	872
Changes in Working Capital	<u>(1,400)</u>	<u>410</u>
Interest received	108	185
Tax refund/(Tax paid)	(79)	282
Net Operating Cash Flows	<u>(1,371)</u>	<u>877</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(1,072)	(1,209)
Proceeds from disposal of property, plant and equipment	2	64
Purchase of property, plant and equipment	(962)	(1,126)
Net investing cash flows	<u>(2,032)</u>	<u>(2,271)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expenses	-	(3)
Net drawn down of lease liabilities	382	-
Net financing cash flows	<u>382</u>	<u>(3)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,021)	(1,397)
Effect of Changes of Exchange Rate	(24)	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,179	27,668
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>6,134</u></u>	<u><u>26,271</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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020**

	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 2020	112,241	15	(31,307)	80,949	(268)	80,681
Net profit/(loss) for the financial year	-	(24)	(5,189)	(5,213)	(45)	(5,258)
Balance as at 31 March 2020	<u>112,241</u>	<u>(9)</u>	<u>(36,496)</u>	<u>75,736</u>	<u>(313)</u>	<u>75,423</u>
Balance as at 1 January 2019	112,241	18	(25,829)	86,430	(189)	86,241
Net profit/(loss) for the financial year	-	-	(5,478)	(5,478)	(79)	(5,557)
Other comprehensive loss for the financial year	-	(3)	-	(3)	-	(3)
Balance as at 31 December 2019	<u>112,241</u>	<u>15</u>	<u>(31,307)</u>	<u>80,949</u>	<u>(268)</u>	<u>80,681</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 2019.

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 2019. 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 2019.

A2. Adoption of new and revised accounting policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2019 except for the following:

Amendments/ MFRS	Description	Effective for financial periods beginning on or after
Amendments of MFRS 3	Definition of a Business	1 January 2020
Amendments of MFRS 101 & MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Disclosures –Interest Rate Benchmark Reform	1 January 2020

NOTES TO THE QUARTERLY REPORT (CONTINUED)**A3. Standards issued but not yet effective**

As at the date of authorisation of this Condensed Report, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective.

Amendments/ MFRS	Description	Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10, MFRS 128 & MFRS 7	Consolidated Financial Statements Investments in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2020

A4. 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 2019.

A5. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A6. 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.

A7. 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.

A8. 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.

NOTES TO THE QUARTERLY REPORT (CONTINUED)**A9. Dividend paid**

There was no dividend paid or declared in the current financial quarter under review.

A10. 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 March 2020 is as follows:

Quarter ended 31 March 2020	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	1,819	1,232	3,051
Direct Cost			(1,450)
Other unallocated income			178
Administrative and General Expenses			(6,963)
Share of Associate Profit /(Loss)			(50)
Finance costs			-
Profit/(Loss) before taxation			(5,234)
Taxation			-
Profit/(Loss) after taxation			(5,234)
Exchange different			-
Non-Controlling interest			(45)
Profit/(Loss) attributable to owners of the Company			(5,189)
Segment Assets	42,787	4,723	47,510
Tax assets			291
Unallocated corporate assets			33,961
			81,762
Segment Liabilities	-	-	-
Tax liabilities			145
Unallocated corporate liabilities			6,194
			6,339

NOTES TO THE QUARTERLY REPORT (CONTINUED)**A10. Segmental information (continued)**

The segment information for the quarter ended 31 March 2019 is as follows:

Quarter ended 31 March 2019	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	1,518	2,590	4,108
Direct Cost			(1,675)
Other unallocated income			275
Administrative and General Expenses			(4,367)
Share of Associate Loss/(Profit)			3
Finance costs			(3)
Profit/(Loss) before taxation			(1,659)
Taxation			-
Profit/(Loss) after taxation			(1,659)
Non-controlling interest			8
Profit/(Loss) attributable to owners of the Company			(1,651)
Segment assets	38,712	2,875	41,587
Tax assets			304
Unallocated corporate assets			49,676
			91,567
Segment Liabilities	82	-	82
Tax liabilities			109
Unallocated corporate liabilities			6,794
			6,985

Information on the Group's operation by geographical segment is not provided as the Group's operation is primarily in Malaysia.

A11. 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.

A12. Capital commitments

There are no material capital commitments in respect of property, plant and equipment in this quarter.

NOTES TO THE QUARTERLY REPORT (CONTINUED)**A13. Capital expenditure**

There was no material capital expenditure in respect of property, plant and equipment in this quarter.

A14. Changes in the composition of the Group

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

A15. 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.

A16. 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.

A17. 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)**A17. 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 March 2020 RM'000	31 March 2019 RM'000
Rental expenses	69	69
Short term employee benefits	152	141

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	31 March 2020 RM'000	31 March 2019 RM'000
Rental expenses	69	69
Short term employee benefits	152	141

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 March 2020 RM'000	Preceding year corresponding quarter 31 March 2019 RM'000	Increase/ (Reduce) RM'000	Current year to date 31 March 2020 RM'000	Preceding year corresponding period 31 March 2019 RM'000	Increase/ (Reduce) RM'000
Revenue	3,051	4,108	(1,057)	3,051	4,108	(1,057)
Operating Profit/(Loss)	(5,184)	(1,659)	3,525	(5,184)	(1,659)	3,525
Profit/(Loss) Before Tax	(5,234)	(1,659)	3,575	(5,234)	(1,659)	3,575
Profit/(Loss) After Tax	(5,234)	(1,659)	3,575	(5,234)	(1,659)	3,575
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(5,189)	(1,651)	3,538	(5,189)	(1,651)	3,538

MPay and its subsidiaries (“Group”) recorded revenue of RM3.051 million in the quarter ended 31 March 2020 (“current quarter”) compared with the revenue of RM4.108 million in the preceding year corresponding quarter representing a decrease of RM1.057 million in the current quarter under review. The decrease in revenue was due to the decrease in payment revenue derive from the integration of software.

The Group Q1 2020 recorded a Loss After Tax of RM5.234 million as compared to Loss after tax of RM1.659 million recorded in preceding year’s corresponding quarter. The increase in loss after tax in current quarter was mainly due to the impairment provision for debtors during the quarter of approximate RM2.5million.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM6.134million. The total order book and contract received as at 31 March 2020 was RM1.370 million.

2. Material changes to the results of the preceding quarter

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

	Current quarter 31 March 2020	Preceding quarter 31 December 2019	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	3,051	5,636	(2,585)
Operating Profit/(Loss)	(5,184)	(552)	4,632
Profit/(Loss) Before Tax	(5,234)	(457)	4,777
Profit/(Loss) After Tax	(5,234)	(598)	4,636
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(5,189)	(627)	4,562

MPay and its subsidiaries (“Group”) recorded revenue of RM3.051 million in the quarter ended 31 March 2020 (“current quarter”) compared with the revenue of RM5.636 million in the immediate preceding quarter representing a decrease of RM2.585 million in the current quarter under review.

The Group recorded Loss Before Tax of RM5.234 million during the current quarter compared to Loss Before Tax of RM0.457 million compared to immediate preceding quarter. The loss after tax of RM5,234 million was mainly due to impairment provision of debtors during the quarter of approximate RM2.5million.

3. Prospects of the Group

Q1 of 2020 has been a challenging year for all businesses globally, impacted by the onset of the Covid-19 pandemic. Whilst it has slowed down the global economy, the Group also saw an uptrend in companies big and small accelerating the digitalisation of their businesses and the way they operate.

The Group’s decrease in revenue is attributed by the slowdown of business activity since February and the subsequent announcement of a nationwide lockdown in March. The inability to mass recruit SME businesses into our ecosystem during this time was the major contributor to our reduction in Q1 revenue.

The Group has utilised the down time during the Movement Control Order to pivot its sales and marketing activities to be 100% digital, whilst implementing cost cutting exercises to weather the impact of Covid 19 into Q2 of 2020.

With what is now the new normal expecting to last another 12 to 18 months, we forecast a possible increase in demand for cashless, e-commerce and other business digitalisation solutions. Our recent approval as a Technology Service Provider (TSP) under the RM500 million SME Digitalisation matching grant, although competitive against hundreds of other approved TSPs, would allow the Group to offer 50% matching grants to SMEs looking to digitalise their business. The Group has also observed a slight increase in the Group’s e-commerce Gross Merchandise Value. With these positive indications and the fervent hope of gradual recovery in both our national and global economy, the Group is cautiously optimistic of an uptrend in revenue towards the end of the year.

3. Prospects of the Group (continued)

Couple with our recent success in rolling out the Sunway License Plate recognition smart parking solution as well as the appointment as HERO Hypermarket's e-payment partner for card and e-wallet acceptance, the Group observed an uptrend in digitalisation from both SMEs and larger conglomerates.

The Group envisaged that the timing is now appropriate to expand and capitalise on the recent accelerated focus by all businesses to digitalise their operations. To ensure sufficient funding for this endeavor, the Group had during the recent Annual General Meeting on 18 June 2020 obtained shareholders' approval for a higher general mandate for issuance of up to 20% of the total number of issued shares for issue of new securities to expand our business to cater for the rising demand for the services and technology we offer.

In view of the above mentioned and barring any unforeseen circumstances, the Board of Directors is of the cautiously optimistic view that the Group could develop a sustainable source of income stream in the field of financial technologies in year 2020.

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 March 2020	Preceding Year Corresponding Quarter 31 March 2019	Current Year-to-date 31 March 2020	Preceding Year Corresponding Period 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(108)	(185)	(108)	(185)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(69)	(29)	(69)	(29)
Depreciation & amortisation	2,380	2,197	2,380	2,197
Loss/(Gain) on disposal of plant and equipment	(1)	(61)	(1)	(61)
Impairment of trade receivable	2,494	118	2,494	118
Interest Expenses	-	3	-	3

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2020 RM'000	Preceding Year Corresponding Quarter 31 March 2019 RM'000	Current Year-to-date 31 March 2020 RM'000	Preceding Year Corresponding Period 31 March 2019 RM'000
Income tax charge	-	-	-	-
Deferred taxation	-	-	-	-
Tax expense	-	-	-	-

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	3,847	within 2 Years	14,153	78.6%	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>15,813</u>		<u>14,154</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)

(b) Utilisation of proceeds

(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 within 2 Years	RM'000	%	
(a) Capital Expenditure	24,851	24,851	Within within 2 Years	Nil	Nil	The Research & Development is in work in progress
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 March 2020	Preceding Year Corresponding Quarter 31 March 2019	Cumulative Year-to-date 31 March 2020	Cumulative Year-to-date 31 March 2019
Total comprehensive Income attributable to owners of the Company (RM'000)	(5,189)	(1,651)	(5,189)	(1,651)
Weighted average number of ordinary shares in issue ('000)	710,466	710,466	710,466	710,466
Basic earnings per ordinary share (sen)	(0.73)	(0.23)	(0.73)	(0.23)

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) Exceptional items;

13. This interim financial report is dated 26 June 2020.

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