

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

	***** Individual Quarter *****		***** Cumulative Quarter *****	
	Current year quarter 30 September 2021 RM'000	Preceding year corresponding quarter 30 September 2020 RM'000	Current year to date 30 September 2021 RM'000	Unaudited corresponding period 30 September 2020 RM'000
Revenue	3,817	4,499	10,240	10,975
Direct Costs	<u>(2,843)</u>	<u>(2,229)</u>	<u>(6,452)</u>	<u>(8,663)</u>
Gross Profit	974	2,270	3,788	2,312
Other Income	232	294	1,126	802
Recovery/(impairment) of net impairment losses in financial asset	-	-	3,227	-
Administrative and General Expenses	<u>(1,069)</u>	<u>(1,442)</u>	<u>(7,782)</u>	<u>(13,155)</u>
Operating Gain / (Loss)	137	1,122	359	(10,041)
Finance Costs	(2)	-	(8)	(2)
Share of Associate Profit	<u>(79)</u>	<u>58</u>	<u>(144)</u>	<u>(32)</u>
Profit /(Loss) Before Taxation	56	1,180	207	(10,075)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) After Taxation	56	1,180	207	(10,075)
Exchange Different	-	-	-	(24)
Total comprehensive Profit / (Loss)	<u>56</u>	<u>1,180</u>	<u>207</u>	<u>(10,099)</u>
Non-Controlling Interest	<u>(58)</u>	<u>25</u>	<u>(72)</u>	<u>(35)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company	<u>114</u>	<u>1,155</u>	<u>279</u>	<u>(10,064)</u>
Earnings per share (sen) :-				
a) Basic	0.01	0.16	0.03	(1.42)

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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Unaudited As at 30 September 2021 RM'000	Audited As at 31 December 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,580	17,855
Investment in associate	3,530	2,850
Software development	13,340	11,795
	<u>34,450</u>	<u>32,500</u>
Current assets		
Inventories	7,438	9,432
Trade and other receivable	12,476	4,911
Other investment	626	626
Current tax asset	571	411
Short Term Fund	27,639	2,185
Fixed deposits with a licensed bank	2,286	1,555
Cash and bank balances	8,856	2,130
	<u>59,892</u>	<u>21,250</u>
Total Assets	<u><u>94,342</u></u>	<u><u>53,750</u></u>
EQUITY AND LIABILITIES		
Share capital	147,555	112,991
Other reserves	2,946	2,946
Exchange Reserves	6	8
Accumulated Losses	(67,560)	(67,839)
Equity Attributable To Equity Holders of the Company	<u>82,947</u>	<u>48,106</u>
Non-controlling interest	(276)	(288)
Total Equity	<u>82,671</u>	<u>47,818</u>
Non-current Liabilities		
Lease liability - Rental	-	346
Deferred tax liabilities	479	479
	<u>479</u>	<u>825</u>
Current Liabilities		
Amount owing to associate companies	41	-
Lease liability - Rental	273	169
Trade and other payables	10,878	4,938
	<u>11,192</u>	<u>5,107</u>
Total Liabilities	<u>11,671</u>	<u>5,932</u>
TOTAL EQUITY AND LIABILITIES	<u><u>94,342</u></u>	<u><u>53,750</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.11</u>	<u>0.08</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 2021

	As at 30 September 2021	Unaudited As at 30 September 2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit /(Loss) Before Tax	207	(10,075)
Adjustment for:		
Amortisation of software development	1,075	3,693
Depreciation of property, plant and equipment	2,110	3,070
Impairment Loss on Receivables	(3,052)	4,366
(Gain)/Loss on disposal of property, plant and equipment	-	(10)
Interest Income	(638)	(356)
Interest Expenses	8	2
Share of Associate Profit/(Loss)	144	32
Unrealised (gain)/loss foreign exchange	-	(19)
Operating profit/(loss) before changes in working capital	(146)	703
Inventories	1,994	726
Receivables	(4,426)	2,209
Payables	5,981	(1,083)
Changes in Working Capital	3,403	2,555
Interest received	638	356
Tax refund/(Tax paid)	(89)	(251)
Net Operating Cash Flows	3,952	2,660
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(3,360)	(3,018)
Investment in associates	(86)	-
Proceeds from disposal of property, plant and equipment	-	3
Purchase of property, plant and equipment	(1,907)	(1,930)
Net investing cash flows	(5,353)	(4,945)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expenses	(8)	(2)
Proceeds from issuance of shares	34,564	-
Net drawn down of lease liabilities	(242)	370
Net financing cash flows	34,314	368
NET DECREASE IN CASH AND CASH EQUIVALENTS	32,913	(1,917)
Effect of Changes of Exchange Rate	(2)	(24)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,870	9,179
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	38,781	7,238

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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	Share Capital RM'000	Other reserves 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 2021	112,991	2,946	8	(67,839)	48,106	(288)	47,818
Issuance of ordinary share	34,564	-	-	-	34,564	-	34,564
Net profit/(loss) for the financial year	-	-	-	279	279	144	423
Derecognition of non controlling interest	-	-	-	-	-	(132)	(132)
Other comprehensive loss for the financial year	-	-	(2)	-	(2)	-	(2)
Balance as at 30 September 2021	147,555	2,946	6	(67,560)	82,947	(276)	82,671
Balance as at 1 January 2020	112,241	-	15	(31,307)	80,949	(268)	80,681
Issuance of ordinary share	750	-	-	-	750	-	750
ESOS reserve	-	2,946	-	-	2,946	-	2,946
Net profit/(loss) for the financial year	-	-	-	(36,532)	(36,532)	(20)	(36,552)
Other comprehensive loss for the financial year	-	-	(7)	-	(7)	-	(7)
Balance as at 31 December 2020	112,991	2,946	8	(67,839)	48,106	(288)	47,818

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 2020.

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 2020. 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 2020.

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 2020 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
Amendments to	References to the Conceptual Framework in MFRS standards	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
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022

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 2020.

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 30 September 2021 is as follows:

Quarter ended 30 September 2021	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	2,627	1,190	3,817
Direct Cost			(2,843)
Other unallocated income			232
Administrative and General Expenses			(1,069)
Share of Associate Profit /(Loss)			(79)
Finance costs			(2)
Profit/(Loss) before taxation			56
Taxation			-
Profit/(Loss) after taxation			56
Exchange different			-
Non-Controlling interest			(58)
Profit/(Loss) attributable to owners of the Company			114
Segment Assets	30,920	3,530	34,450
Tax assets			571
Unallocated corporate assets			59,321
			94,342
Segment Liabilities			
Tax liabilities			479
Unallocated corporate liabilities			11,192
			11,671

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

The segment information for the quarter ended 30 September 2020 is as follows:

Quarter ended 30 September 2020	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	2,675	1,824	4,499
Direct Cost			(2,229)
Other unallocated income			294
Administrative and General Expenses			(1,442)
Share of Associate Loss/(Profit)			58
Finance costs			-
Profit/(Loss) before taxation			1,180
Taxation			-
Profit/(Loss) after taxation			1,180
Exchange different			-
Non-controlling interest			25
Profit/(Loss) attributable to owners of the Company			1,155
Segment assets	29,650	2,850	32,500
Tax assets			411
Unallocated corporate assets			20,839
			53,750
Segment Liabilities			
Tax liabilities			479
Unallocated corporate liabilities			5,453
			5,932

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
	30 September 2021 RM'000	30 September 2020 RM'000
Rental expenses	69	69
Short term employee benefits	157	152

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	30 September 2021 RM'000	30 September 2020 RM'000
Rental expenses	207	207
Short term employee benefits	476	456

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	Preceding year	Increase/ (Reduce)	Current	Preceding year	Increase/ (Reduce)
	quarter	corresponding		year to date	corresponding	
	30	quarter	30	30	30	
September	September	September	September	September		
	2021	2020	(Reduce)	2021	2020	(Reduce)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,817	4,499	(682)	10,240	10,975	(735)
Operating Profit/(Loss)	137	1,122	(985)	359	(10,041)	10,400
Profit/(Loss) Before Tax	56	1,180	(1,124)	207	(10,075)	10,282
Profit/(Loss) After Tax	56	1,180	(1,124)	207	(10,075)	10,282
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	114	1,155	(1,044)	279	(10,064)	10,343

MPay and its subsidiaries (“Group”) recorded revenue of RM3.817 million in the quarter ended 30 September 2021 (“current quarter”) compared with the revenue of RM4.499 million in the preceding year corresponding quarter representing a decrease of RM0.682 million in the current quarter under review. The decrease in revenue was mainly due to the decrease in payment services revenue caused by temporary closures of many merchant outlets due to tighter covid-19 pandemic control by the government during the current quarter.

The Group Q3 2021 recorded a Profit After Tax of RM0.056 million as compared to Profit After Tax of RM1.180 million recorded in preceding year’s corresponding quarter.

The Group Q3 2021 recorded a Profit Attributable to Ordinary Equity Holders of the Parent of RM0.279 million during the current cumulative quarter compared to Loss Attributable to Ordinary Equity Holders of the Parent of RM10.064 million recorded in preceding year’s corresponding cumulative quarter. The improved financial performance was due to lower Direct Cost, Administration and General Expenses during the current cumulative quarter compare to the previous cumulative quarter.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM38.781million. The total order book and contract received as at 30 September 2021 was RM1.5 million.

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

	Current quarter 30 September 2021	Preceding quarter 30 June 2021	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	3,817	3,079	738
Operating Profit/(Loss)	137	(1,787)	1,924
Profit /(Loss) Before Tax	56	(1,881)	1,937
Profit/(Loss) After Tax	56	(1,881)	1,937
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	114	(1,912)	2,026

MPay and its subsidiaries (“Group”) recorded revenue of RM3.817 million in the quarter ended 30 September 2021 (“current quarter”) compared with the revenue of RM3.079 million in the immediate preceding quarter representing an increase of RM0.738 million in the current quarter. The increase was due to the increase in non payment services revenue, especially the successful roll out of white-label e-wallet project during the current quarter.

The Group recorded a Profit After Tax of RM0.056 million during the current quarter as compared to a Loss After Tax of RM1.881 million recorded in immediate preceding quarter, an improvement of RM1.937 million. This is mainly due to lower Direct Cost, Administration and General Expenses as compared to the previous financial year.

3. Prospects of the Group

The economic upheaval from COVID-19 Pandemic hit the SMEs hard. Prior to the pandemic, Malaysia undertook a series of reforms to improve the business environment, including by streamlining banking and securities regulations for better and efficient delivery of financial services. However, a return to pre-pandemic growth rates will require continued reforms to improve the business environment further and accelerate digitalisation.

The Group stands to gain from this digital economy centric economy recovery as over the last decade, we have obtained multiple financial operating licenses from various authorities rolling out Fintech services such as e-payment services, e-money services, MasterCard prepaid card services, money lending services, Peer-to-Peer (P2P) financing and domestics remittance.

On 18 November 2021, the Group had received a Letter of Award from Mastercard which permitted MPSB to acquire transactions using Mastercard-branded payment cards at merchant locations namely Point of Sales (POS) and Point of Interaction (POI) related activities in Malaysia. The Group was previously awarded the MasterCard branded prepaid card and MasterCard branded Virtual Card Number issuing licence on 25 February 2016.

On 12 November 2021, the Group had submitted a 30% Private Placement Listing Application to Bursa Malaysia Securities Berhad. If the placement is successfully funded, we shall use the proceed to fund cross border remittance business, P2P financing and direct lending business. To date, our QuicKash P2P financing and direct lending business has extended business loans in excess of RM30 million to SMEs in Malaysia in the first three quarters of the current financial year.

We believe our Fintech ecosystems are well positioned to help our customers adapt in a very dynamic environment, based on trends we have observed in many recent quarters during the covid-pandemic. Moving forward, we intend to prioritize investments in our Fintech ecosystems as well as capital fund for SME lending which we believe will drive attractive long-term returns.

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 2021	Preceding Year Corresponding Quarter 30 September 2020	Current Year-to-date 30 September 2021	Preceding Year Corresponding Period 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(277)	(85)	(638)	(356)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	45	(200)	(488)	(436)
Depreciation & amortisation	1,132	2,313	3,185	6,763
Loss/(Gain) on disposal of plant and equipment	-	(9)	-	(10)
Impairment of trade receivable	(3,572)	(2,582)	(3,052)	4,366
Interest Expenses	2	-	8	2

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 September 2021	Preceding Year Corresponding Quarter 30 September 2020	Current Year-to-date 30 September 2021	Preceding Year Corresponding Period 30 September 2020
	RM'000	RM'000	RM'000	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 2020: MPay Issuer Project

The proceeds from private placement of are RM34,035,775 after the corporate exercise of the private placement. As at 30 September 2021 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	23,757	2,700	within 24 months	21,057	88.63%	The capital expenditure is in work in progress
(b) Other Operating Expenditure	9,326	650	within 24 months	8,676	93.03%	
(c) Estimated expenses in Relation to Private Placement	953	287	Upon completion	666	69.88%	
	<u>34,036</u>	<u>3,637</u>		<u>30,399</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 2021	Preceding Year Corresponding Quarter 30 September 2020	Cumulative Year-to-date 30 September 2021	Cumulative Year-to-date 30 September 2020
Total comprehensive Income attributable to owners of the Company (RM'000)	114	1,155	279	(10,064)
Weighted average number of ordinary shares in issue ('000)	861,369	710,466	861,369	710,466
Basic earnings per ordinary share (sen)	0.01	0.16	0.03	(1.42)

(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 November 2021.

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