

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 31 December 2021 RM'000	Preceding year corresponding quarter 31 December 2020 RM'000	Current year to date 31 December 2021 RM'000	Audited corresponding period 31 December 2020 RM'000
Revenue		9,654	2,049	19,894	13,024
Direct Costs		<u>(5,473)</u>	<u>(4,603)</u>	<u>(11,925)</u>	<u>(9,573)</u>
Gross Profit		4,181	(2,554)	7,969	3,451
Other Income		683	110	1,809	912
Recovery/(impairment) of net impairment losses in financial asset		-	(6,070)	3,227	(6,070)
Administrative and General Expenses		<u>(5,007)</u>	<u>(17,628)</u>	<u>(12,789)</u>	<u>(34,476)</u>
Operating Gain / (Loss)		(143)	(26,142)	216	(36,183)
Finance Costs		(21)	(9)	(29)	(11)
Share of Associate Profit		<u>702</u>	<u>147</u>	<u>558</u>	<u>115</u>
Profit/(Loss) Before Taxation	B5	538	(26,004)	745	(36,079)
Taxation	B6	<u>511</u>	<u>(472)</u>	<u>511</u>	<u>(472)</u>
Profit/(Loss) After Taxation		1,049	(26,476)	1,256	(36,551)
Exchange Different		-	17	-	(7)
Total comprehensive Profit / (Loss)		<u>1,049</u>	<u>(26,459)</u>	<u>1,256</u>	<u>(36,558)</u>
Non-Controlling Interest		<u>50</u>	<u>15</u>	<u>(22)</u>	<u>(20)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u>999</u>	<u>(26,474)</u>	<u>1,278</u>	<u>(36,538)</u>
Earnings per share (sen) :-					
a) Basic		0.12	(3.70)	0.15	(5.11)

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 31 DECEMBER 2021

	Unaudited As at 31 December 2021 RM'000	Audited As at 31 December 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,915	17,855
Investment in associate	3,966	2,850
Software development	14,138	11,795
	<u>36,019</u>	<u>32,500</u>
Current assets		
Inventories	5,499	9,432
Trade and other receivable	24,302	4,911
Other investment	649	626
Current tax asset	676	411
Short Term Fund	21,186	2,185
Fixed deposits with a licensed bank	1,128	1,555
Cash and bank balances	2,883	2,130
	<u>56,323</u>	<u>21,250</u>
Total Assets	<u>92,342</u>	<u>53,750</u>
EQUITY AND LIABILITIES		
Share capital	148,421	112,991
Other reserves	3,732	2,946
Exchange Reserves	9	8
Accumulated Losses	(66,561)	(67,839)
Equity Attributable To Equity Holders of the Company	<u>85,601</u>	<u>48,106</u>
Non-controlling interest	(276)	(288)
Total Equity	<u>85,325</u>	<u>47,818</u>
Non-current Liabilities		
Lease liability - Rental	-	346
Deferred tax liabilities	-	479
	<u>-</u>	<u>825</u>
Current Liabilities		
Amount owing to associate companies	318	-
Lease liability - Rental	556	169
Trade and other payables	6,143	4,938
	<u>7,017</u>	<u>5,107</u>
Total Liabilities	<u>7,017</u>	<u>5,932</u>
TOTAL EQUITY AND LIABILITIES	<u>92,342</u>	<u>53,750</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 31 DECEMBER 2021**

	As at 31 December 2021	As at 31 December 2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	745	(36,079)
Adjustment for:		
Amortisation of software development	1,410	3,048
Bad debt written off	-	137
Depreciation of property, plant and equipment	2,612	4,231
Gain on disposal of property, plant and equipment	(174)	(13)
Impairment loss in investment in associate	-	552
Impairment loss on intangible assets	-	12,806
Impairment loss on property, plant and equipment	-	3,731
Intangible assets written off	-	200
Impairment Loss on Receivables	(1,552)	6,070
Interest Income	(924)	12
Interest expenses	29	(484)
Loss in dilution in equity interest in investment in an associate	-	1,486
Property, plant and equipment written off	-	34
Provision of slow moving inventories	-	389
Fair value loss on ESOS exercise	786	2,946
Share of Associate Profit/(Loss)	(558)	(115)
Unrealised (gain)/loss foreign exchange	-	25
Operating profit/(loss) before changes in working capital	<u>2,374</u>	<u>(1,024)</u>
Inventories	1,865	(397)
Receivables	(17,825)	6,910
Payables	<u>1,523</u>	<u>(1,644)</u>
Changes in Working Capital	(12,063)	3,845
Interest received	924	484
Interest paid	(29)	(12)
Tax refund/(Tax paid)	(234)	(336)
Net Operating Cash Flows	<u>(11,402)</u>	<u>3,981</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(4,493)	(7,645)
Investment in associate	180	-
Net withdrawal (placement) of fixed deposits	-	(34)
Proceeds from disposal of property, plant and equipment	201	15
Purchase of property, plant and equipment	(631)	(334)
Net investing cash flows	<u>(4,743)</u>	<u>(7,998)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	35,430	750
Net drawn down of lease liabilities	41	(67)
Net financing cash flows	<u>35,471</u>	<u>683</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	19,326	(3,334)
Effect of Changes of Exchange Rate	1	(6)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,870</u>	<u>7,976</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>25,197</u></u>	<u><u>4,636</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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	35,430	-	-	-	35,430	-	35,430
ESOS reserve	-	786	-	-	786	-	786
Net profit/(loss) for the financial year	-	-	-	1,278	1,278	144	1,422
Derecognition of non controlling interest	-	-	-	-	-	(132)	(132)
Other comprehensive loss for the financial year	-	-	1	-	1	-	1
Balance as at 31 December 2021	148,421	3,732	9	(66,561)	85,601	(276)	85,325
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 31 December 2021 is as follows:

Quarter ended 31 December 2021	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	2,896	6,758	9,654
Direct Cost			(5,473)
Other unallocated income			683
Administrative and General Expenses			(5,007)
Share of Associate Profit /(Loss)			702
Finance costs			(21)
Profit/(Loss) before taxation			538
Taxation			511
Profit/(Loss) after taxation			1,049
Exchange different			-
Non-Controlling interest			(50)
Profit/(Loss) attributable to owners of the Company			999
Segment Assets	32,053	3,966	36,019
Tax assets			676
Unallocated corporate assets			55,647
			92,342
Segment Liabilities	-	83	83
Tax liabilities			-
Unallocated corporate liabilities			6,934
			7,017

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

The segment information for the quarter ended 31 December 2020 is as follows:

Quarter ended 31 December 2020	Payment Services RM'000	Non Payment Services RM'000	Total Services RM'000
Segment Revenue	1,790	259	2,049
Direct Cost			(4,603)
Other unallocated income			110
Administrative and General Expenses			(18,298)
Share of Associate Loss/(Profit)			147
Finance costs			(9)
Profit/(Loss) before taxation			(26,004)
Taxation			(472)
Profit/(Loss) after taxation			(26,476)
Exchange different			17
Non-controlling interest			(15)
Profit/(Loss) attributable to owners of the Company			(26,474)
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
		31 December 2021 RM'000	31 December 2020 RM'000
Rental expenses		69	69
Short term employee benefits		157	152

		Cumulative Quarter	
		Current Quarter	Preceding Year Corresponding Period
		31 December 2021 RM'000	31 December 2020 RM'000
Rental expenses		276	276
Short term employee benefits		634	608

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 2021 RM'000	Preceding year corresponding quarter 31 December 2020 RM'000	Increase/ (Reduce) RM'000	Current year to date 31 December 2021 RM'000	Preceding year corresponding period 31 December 2020 RM'000	Increase/ (Reduce) RM'000
Revenue	9,654	2,049	7,605	19,894	13,024	6,870
Operating Profit/(Loss)	(143)	(26,142)	(25,999)	216	(36,183)	36,399
Profit/(Loss) Before Tax	538	(26,004)	26,542	745	(36,079)	36,824
Profit/(Loss) After Tax	1,049	(26,476)	27,525	1,256	(36,551)	37,807
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	999	(26,474)	27,473	1,278	(36,538)	37,816

MPay and its subsidiaries (“Group”) recorded revenue of RM9.654 million in the quarter ended 31 December 2021 (“current quarter”) compared with the revenue of RM2.049 million in the preceding year corresponding quarter representing an increase of RM7.605 million in the current quarter under review. The increase in revenue is mainly due to the increase in non-payment services revenue.

The Group Q4 2021 recorded a Profit After Tax of RM1.049 million as compared to Loss After Tax of RM26.476 million recorded in preceding year’s corresponding quarter. The difference in the Group Q4 2021 Profit After Tax of RM27.525 million for the two comparable periods was due to lower direct cost and administration and general expenses.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM25.197million. The total order book and contract received as at 31 December 2021 was RM0.730 million.

2. Material changes to the results of the preceding quarter

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

	Current quarter 31 December 2021	Preceding quarter 30 September 2021	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	9,654	3,817	5,837
Operating Profit/(Loss)	(143)	137	(280)
Profit /(Loss) Before Tax	538	56	482
Profit/(Loss) After Tax	1,049	56	993
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	999	114	885

MPay and its subsidiaries (“Group”) recorded revenue of RM9.654 million in the quarter ended 31 December 2021 (“current quarter”) compared with the revenue of RM3.817 million in the immediate preceding quarter representing an increase of RM5.837 million in the current quarter. The increase was due to the increase in non-payment services revenue.

The Group recorded Profit After Tax of RM1.049 million during the current quarter compared to Profit After Tax of RM0.056 million compared to immediate preceding quarter, an improvement of RM0.993 million. The improvement of the profit after tax for the current quarter to RM1.049 million was mainly due to decrease in operational expenses and the increase in non-payment service revenue.

3. Prospects of the Group

With the gradual reopening of economic sectors, there are still many challenges that are expected to impact all companies throughout the year. Some measures have been set out to ensure business continuity as we expect the economy to rebound moving forward.

The Group has implemented a series of strategies to enhance its current capabilities for expansion into new potential businesses within its related core competencies to ensure group wide business continuity and sustainability.

The Group will continue to remain competitive in the challenging business environment and deliver sustainable growth in the long term. However, with the prolonged impact of COVID-19 pandemic, the performance of the Group for the current financial year remains positively challenging.

Premised on the above, Group remains confident to overcome these challenges and ride on any opportunities arising within its main businesses.

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 2021	Preceding Year Corresponding Quarter 31 December 2020	Current Year-to-date 31 December 2021	Preceding Year Corresponding Period 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(286)	(128)	(924)	(484)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(223)	21	(711)	(415)
Depreciation & amortisation	837	516	4,022	7,279
Loss/(Gain) on disposal of plant and equipment	(174)	(3)	(174)	(13)
Impairment of trade receivable	1,500	(1,704)	(1,552)	6,070
Interest Expenses	21	9	29	11

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 December 2021	Preceding Year Corresponding Quarter 31 December 2020	Current Year-to-date 31 December 2021	Preceding Year Corresponding Period 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Income tax charge	(32)	137	(32)	137
Deferred taxation	(479)	334	(479)	334
Tax expense	(511)	472	(511)	472

7. Status of corporate proposal**(a) Corporate Proposal**

Save as disclosed below, there was a corporate proposal 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 31 December 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	5,107	within 24 months	18,650	78.50%	The capital expenditure is in work in progress
(b) Other Operating Expenditure	9,326	-	within 24 months	9,326	100%	The operating expenditure is in work in progress
(c) Estimated expenses in Relation to Private Placement	953	354	Upon completion	599	62.85%	
	<u>34,036</u>	<u>5,461</u>		<u>28,575</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 2021	Preceding Year Corresponding Quarter 31 December 2020	Cumulative Year-to-date 31 December 2021	Cumulative Year-to-date 31 December 2020
Total comprehensive Income attributable to owners of the Company (RM'000)	999	(26,474)	1,278	(36,538)
Weighted average number of ordinary shares in issue ('000)	861,369	715,466	861,369	715,466
Basic earnings per ordinary share (sen)	0.12	(3.70)	0.15	(5.11)

(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 24 February 2022.

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