

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 30 September 2022 RM'000	Preceding year corresponding quarter 30 September 2021 RM'000	Current year to date 30 September 2022 RM'000	Audited corresponding period 30 September 2021 RM'000
Revenue		4,987	3,817	13,688	10,240
Direct Costs		<u>(3,462)</u>	<u>(2,843)</u>	<u>(8,915)</u>	<u>(6,452)</u>
Gross Profit		1,525	974	4,773	3,788
Other Income		419	232	925	1,126
Recovery/(impairment) of net impairment losses in financial asset		-	-	-	3,227
Administrative and General Expenses		<u>(4,283)</u>	<u>(1,069)</u>	<u>(12,032)</u>	<u>(7,782)</u>
Operating Gain / (Loss)		(2,339)	137	(6,334)	359
Finance Costs		(3)	(2)	(8)	(8)
Share of Associate Profit		<u>3</u>	<u>(79)</u>	<u>(684)</u>	<u>(144)</u>
Profit /(Loss) Before Taxation	B5	(2,339)	56	(7,026)	207
Taxation	B6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) After Taxation		(2,339)	56	(7,026)	207
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>(2,339)</u>	<u>56</u>	<u>(7,026)</u>	<u>207</u>
Non-Controlling Interest		<u>-</u>	<u>(58)</u>	<u>1</u>	<u>(72)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u>(2,339)</u>	<u>114</u>	<u>(7,027)</u>	<u>279</u>
Earnings per share (sen) :-					
a) Basic		(0.27)	0.01	(0.82)	0.03

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 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Unaudited As at 30 September 2022 RM'000	Audited As at 31 December 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,407	17,915
Investment in associate	2,897	3,581
Software development	13,577	14,138
Trade and other receivables	18,236	12,696
	<u>58,117</u>	<u>48,330</u>
Current assets		
Inventories	4,763	5,499
Trade and other receivable	13,932	17,613
Other investment	-	649
Current tax asset	924	676
Short Term Fund	5,000	13,293
Fixed deposits with a licensed bank	690	979
Cash and bank balances	849	4,294
	<u>26,158</u>	<u>43,003</u>
Total Assets	<u><u>84,275</u></u>	<u><u>91,333</u></u>
EQUITY AND LIABILITIES		
Share capital	148,196	148,196
Other reserves	4,351	3,958
Exchange Reserves	(171)	11
Accumulated Losses	(73,786)	(66,759)
Equity Attributable To Equity Holders of the Company	<u>78,590</u>	<u>85,406</u>
Non-controlling interest	(191)	(192)
Total Equity	<u>78,399</u>	<u>85,214</u>
Non-current Liabilities		
Lease liability - Rental	-	495
	<u>-</u>	<u>495</u>
Current Liabilities		
Contract liabilities	-	216
Lease liability - Rental	204	186
Trade and other payables	5,672	5,222
	<u>5,876</u>	<u>5,624</u>
Total Liabilities	<u>5,876</u>	<u>6,119</u>
TOTAL EQUITY AND LIABILITIES	<u><u>84,275</u></u>	<u><u>91,333</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u><u>0.10</u></u>	<u><u>0.12</u></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 2022**

	As at 30 September 2022	As at 30 September 2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(7,026)	207
Adjustment for:		
Amortisation of software development	1,339	1,075
Depreciation of property, plant and equipment	2,243	2,110
Impairment Loss on Receivables	3,808	(3,052)
Interest Income	(578)	(638)
Interest expenses	8	8
Fair value loss on ESOS exercise	393	-
Share of Associate Profit/(Loss)	684	144
Operating profit/(loss) before changes in working capital	871	(146)
Inventories	2	155
Receivables	(5,706)	(4,426)
Payables	922	5,981
Changes in Working Capital	(3,911)	1,564
Interest received	578	638
Interest paid	(8)	(8)
Tax refund/(Tax paid)	(248)	(89)
Net Operating Cash Flows	(3,589)	2,105
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(778)	(3,360)
Investment in associate	-	(86)
Purchase of property, plant and equipment	(7,001)	(68)
Net investing cash flows	(7,779)	(3,514)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	34,564
Net drawn down of lease liabilities	(476)	(242)
Net financing cash flows	(476)	34,322
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,844)	32,913
Effect of Changes of Exchange Rate	(183)	(2)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	18,566	5,870
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,539	38,781

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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

	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 2022	148,196	3,958	11	(66,759)	85,406	(192)	85,214
Net profit/(loss) for the financial year	-	-	-	(7,027)	(7,027)	1	(7,026)
Other comprehensive loss for the financial year	-	393	(182)	-	211	-	211
Balance as at 30 September 2022	148,196	4,351	(171)	(73,786)	78,590	(191)	78,399
Balance as at 1 January 2021	112,991	2,946	8	(67,839)	48,106	(288)	47,818
Issuance of ordinary share	33,286	-	-	-	33,286	-	33,286
Issuance of ordinary share pursuant to ESOS	1,919	(641)	-	-	1,278	-	1,278
Changes in ownership interest in a subsidiary	-	(3)	-	(108)	(111)	118	7
Share option issued	-	1,656	-	-	1,656	-	1,656
Net profit/(loss) for the financial year	-	-	-	1,188	1,188	(22)	1,166
Other comprehensive loss for the financial year	-	-	3	-	3	-	3
Balance as at 31 December 2021	148,196	3,958	11	(66,759)	85,406	(192)	85,214

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 2021.

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 2021. 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 2021.

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 2021 except for the following:

Amendments/ MFRS	Description	Effective for financial periods beginning on or after
Amendments of MFRS 16	COVID-19 Related Rent Concessions	1 March 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 & MFRS 16	Financial instrument, Financial Instruments: Recognition and measurement , Financial Instrument: Disclosures, Insurance contracts and Interest Rate Benchmark Reform- Phase 2	1 March 2021

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 16	Lease – <i>Covid-19</i> – Related Rent Concession beyond 30 June 2021	1 April 2021
Amendments to MFRSs	Annual Improvements to MFRSs Standard 2018 – 2020 - Amendment to MFRS 1 First time adoption Of Malaysian Financial Reporting standards - Amendment to MFRS 9 Financial Instruments - Amendment to MFRS 141 Agriculture	1 January 2022
Amendments to MFRS 3	Business Combination - Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
Amendments to MFRS 137	Provisions, Contingent liabilities and Contingent Assets - Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
MFRS 10	Consolidated Financial Statements	1 January 2023
MFRS 13	Fair Value Measurement	1 January 2023
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 101	Classification of Current and Non- current	1 January 2023
Amendments to MFRS 101	Classification of Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023
MFRS 14	Regulatory Deferral Accounts	1 January 2026

The Group will adopt the above amendments when they become effective and the adoption of these amendment is not expected to have any material impact of the financial statements of the Group in the period of initial application.

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 2021.

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.

A9. Dividend paid

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

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A10. Segmental information

The Group is organised into the following operating segments:

(a) **Fintech Services**

Provision of e-payment services, e-money services, MasterCard prepaid card services, provision of money lending services licensed by the Ministry of Housing & Local Government, and provision and operations of peer-to-peer (P2P) financing platform licensed by the Securities Commission Malaysia (“SC”), domestics and cross border remittance.

(b) **Non-fintech services**

Development, marketing and trading of information and communication technology products, project management, e-commerce, mobile virtual network operator, business outsourcing services and loyalty management services.

The segment information for the quarter ended 30 September 2022 is as follows:

Quarter ended 30 September 2022	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	4,892	95	4,987
Direct Cost			(3,462)
Other unallocated income			419
Administrative and General Expenses			(4,283)
Share of Associate Profit/(Loss)			3
Finance costs			(3)
Profit/(Loss) before taxation			(2,339)
Taxation			-
Profit/(Loss) after taxation			(2,339)
Exchange different			-
Non-Controlling interest			-
Profit/(Loss) attributable to owners of the Company			(2,339)
Segment Assets	36,984	2,897	39,881
Tax assets			924
Unallocated corporate assets			43,470
			84,275
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			5,876
			5,876

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A10. Segmental information (continued)

The segment information for the quarter ended 30 September 2021 is as follows:

Quarter ended 30 September 2021	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	3,839	(22)	3,817
Direct Cost			(2,843)
Other unallocated income			232
Administrative and General Expenses			(1,069)
Share of Associate Loss/(Profit)			(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

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 2022 RM'000	30 September 2021 RM'000
Rental expenses	69	69
Short term employee benefits	186	157

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	30 September 2022 RM'000	30 September 2021 RM'000
Rental expenses	207	207
Short term employee benefits	528	476

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	Preceding year corresponding quarter	Increase/ (Reduce)	Current year to date	Preceding year corresponding period	Increase/ (Reduce)
	30	30		30	30	
	September 2022	September 2021	September 2022	September 2021		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	4,987	3,817	1,170	13,688	10,240	3,448
Operating Profit/(Loss)	(2,339)	137	(2,476)	(6,334)	359	(6,693)
Profit/(Loss) Before Tax	(2,339)	56	(2,395)	(7,026)	207	(7,233)
Profit/(Loss) After Tax	(2,339)	56	(2,395)	(7,026)	207	(7,233)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,339)	114	(2,453)	(7,027)	279	(7,306)

MPay and its subsidiaries (“Group”) recorded revenue of RM4.987 million in the quarter ended 30 September 2022 (“current quarter”) compared with the revenue of RM3.817 million in the preceding year corresponding quarter representing an increase of RM1.170 million in the current quarter under review. The increase in revenue is mainly due to the increase in Fintech services revenue.

The Group Q3 2022 recorded a Loss After Tax of RM2.339 million as compared to Profit After Tax of RM0.056 million recorded in preceding year’s corresponding quarter. The Group Q3 2022 Loss After Tax was due to higher direct cost and administrative and general expenses in particular a RM3 million impairment provision for lending business in the current cumulative quarter compare to the previous quarter.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM6.539million.

2. Material changes to the results of the preceding quarter

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

	Current quarter 30 September 2022	Preceding quarter 30 June 2021	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	4,987	4,093	894
Operating Profit/(Loss)	(2,339)	(2,588)	(249)
Profit /(Loss) Before Tax	(2,339)	(2,843)	(504)
Profit/(Loss) After Tax	(2,339)	(2,843)	(504)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,339)	(2,844)	(505)

MPay and its subsidiaries (“Group”) recorded revenue of RM4.987 million in the quarter ended 30 September 2022 (“current quarter”) compared with the revenue of RM4.093 million in the immediate preceding quarter representing an increase of RM0.894 million in the current quarter. The increase was due to the increase in Fintech services revenue.

The Group recorded Loss After Tax of RM2.339 million during the current quarter compared to Loss After Tax of RM2.843 million compared to immediate preceding quarter, a decrease of RM0.504million, due to higher gross profit generated from increment in Fintech service revenue.

3. Prospects of the Group

The Group's operational landscape in the year holds many uncertainties. Some measures have been set out to ensure the Group's business continues sustainably, one of which is to strengthen its two core businesses which are Fintech and Non Fintech. The Group's two core businesses provide essential services that are needed in its respective industries.

Premised on the above, the Board is cautious on the impact of the post COVID-19 pandemic and the potential global recession in the next 2-3 quarters due to war in Ukraine and the weakening of Ringgit against the US Dollar but relatively more optimistic with the 2023 outlook with the forming of Unity Government to be spearheaded by newly appointed Prime Minister Datuk Seri Anwar Ibrahim who has promised a stable government focus on economy and unity.

Therefore the Group has embarked on a series of business strategies and future plans to manage the Group's business with caution during the upcoming challenging yet promising year.

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 2022	Preceding Year Corresponding Quarter 30 September 2021	Current Year-to-date 30 September 2022	Preceding Year Corresponding Period 30 September 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(117)	(277)	(578)	(638)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(302)	45	(347)	(488)
Depreciation & amortisation	1,193	1,132	3,582	3,185
Impairment of trade receivable	2,713	(3,572)	3,808	(3,052)
Interest Expenses	3	2	8	8

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 September 2022	Preceding Year Corresponding Quarter 30 September 2021	Current Year-to-date 30 September 2022	Preceding Year Corresponding Period 30 September 2021
	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 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 30 September 2022 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	10,107	within 24 months	13,650	57.46%	The capital expenditure is in work in progress
(b) Other Operating Expenditure	9,326	1,267	within 24 months	8,059	86.41%	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>11,728</u>		<u>22,308</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 2022	Preceding Year Corresponding Quarter 30 September 2021	Cumulative Year-to-date 30 September 2022	Cumulative Year-to-date 30 September 2021
Total comprehensive Income attributable to owners of the Company (RM'000)	(2,339)	114	(7,027)	279
Weighted average number of ordinary shares in issue ('000)	861,369	861,369	861,369	861,369
Basic earnings per ordinary share (sen)	(0.27)	0.01	(0.82)	0.03

(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 29 November 2022.

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