

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023**

	Note	***** Individual Quarter *****		***** Cumulative Quarter *****	
		Current year quarter 31 March 2023 RM'000	Preceding year corresponding quarter 31 March 2022 RM'000	Current year to date 31 March 2023 RM'000	Unaudited corresponding period 31 March 2022 RM'000
Revenue		4,407	4,608	4,407	4,608
Direct Costs		<u>(2,576)</u>	<u>(2,550)</u>	<u>(2,576)</u>	<u>(2,550)</u>
Gross Profit		1,831	2,058	1,831	2,058
Other Income		235	203	235	203
Recovery/(impairment) of net impairment losses in financial asset		-	-	-	-
Administrative and General Expenses		<u>(5,380)</u>	<u>(3,668)</u>	<u>(5,380)</u>	<u>(3,668)</u>
Operating Gain / (Loss)		(3,314)	(1,407)	(3,314)	(1,407)
Finance Costs		(12)	(1)	(12)	(1)
Share of Associate Profit		<u>43</u>	<u>(436)</u>	<u>43</u>	<u>(436)</u>
Profit/(Loss) Before Taxation	B5	(3,283)	(1,844)	(3,283)	(1,844)
Taxation	B6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) After Taxation		(3,283)	(1,844)	(3,283)	(1,844)
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>(3,283)</u>	<u>(1,844)</u>	<u>(3,283)</u>	<u>(1,844)</u>
Non-Controlling Interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>(3,283)</u></u>	<u><u>(1,844)</u></u>	<u><u>(3,283)</u></u>	<u><u>(1,844)</u></u>
Earnings per share (sen) :-					
a) Basic		(0.38)	(0.21)	(0.38)	(0.21)

Note:

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Unaudited As at 31 March 2023 RM'000	Audited As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,596	14,934
Investment in associate	2,854	2,811
Software development	17,713	18,089
Trade and other receivables	20,013	20,865
Other investment	14	18
	<u>55,190</u>	<u>56,717</u>
Current assets		
Inventories	4,417	4,731
Trade and other receivable	15,958	16,430
Contract assets	-	169
Amount due from associates	165	-
Current tax asset	1,146	1,033
Short Term Fund, deposits, cash and bank balances	2,671	6,187
	<u>24,357</u>	<u>28,550</u>
Total Assets	<u><u>79,547</u></u>	<u><u>85,267</u></u>
EQUITY AND LIABILITIES		
Share capital	148,196	148,196
Other reserves	6,216	6,050
Exchange Reserves	(165)	18
Accumulated Losses	(80,743)	(77,460)
Equity Attributable To Equity Holders of the Company	<u>73,504</u>	<u>76,804</u>
Non-controlling interest	(194)	(194)
Total Equity	<u>73,310</u>	<u>76,610</u>
Non-current Liabilities		
Other payable	579	578
Loans and borrowings	306	306
	<u>885</u>	<u>884</u>
Current Liabilities		
Contract liabilities	-	140
Loans and borrowings	56	535
Trade and other payables	5,296	7,098
	<u>5,352</u>	<u>7,773</u>
Total Liabilities	<u>6,237</u>	<u>8,657</u>
TOTAL EQUITY AND LIABILITIES	<u><u>79,547</u></u>	<u><u>85,267</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.09</u>	<u>0.11</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 2023**

	As at 31 March 2023	As at 31 March 2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3,283)	(1,844)
Adjustment for:		
Amortisation of software development	590	499
Depreciation of property, plant and equipment	495	726
Net(reversal of impairment)/impairment of financial asset	1,927	402
Interest Income	(107)	(179)
Interest expenses	12	1
Fair value loss on investment	4	-
Fair value loss on other payable measure at amortisation cost	29	-
Share-based payments	166	206
Share of Associate Profit/(Loss)	(43)	436
Operating profit/(loss) before changes in working capital	<u>(210)</u>	<u>247</u>
Inventories	314	8
Receivables	(768)	(3,143)
Payables	<u>(1,801)</u>	<u>608</u>
Changes in Working Capital	(2,465)	(2,280)
Interest received	107	179
Interest paid	(12)	(1)
Tax refund/(Tax paid)	(113)	-
Net Operating Cash Flows	<u>(2,483)</u>	<u>(2,102)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(214)	(233)
Purchase of property, plant and equipment net of cash and cash equivalents	(157)	(1,024)
Net investing cash flows	<u>(371)</u>	<u>(1,257)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawn down of lease liabilities	(479)	(442)
Net financing cash flows	<u>(479)</u>	<u>(442)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,333)	(3,801)
Effect of Changes of Exchange Rate	(183)	5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,187	18,566
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>2,671</u></u>	<u><u>14,770</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 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023**

	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 2023	148,196	6,050	18	(77,460)	76,804	(194)	76,610
Net profit/(loss) for the financial year	-	-	-	(3,283)	(3,283)	-	(3,283)
Share option issued	-	166	-	-	166	-	166
Other comprehensive loss for the financial year	-	-	(183)	-	(183)	-	(183)
Balance as at 31 March 2023	148,196	6,216	(165)	(80,743)	73,504	(194)	73,310
Balance as at 1 January 2022	148,196	3,958	11	(66,759)	85,406	(192)	85,214
Issuance of ordinary share	-	1,081	-	-	1,081	-	1,081
Share Option charge arising from ESOS granted	-	1,011	-	-	1,011	-	1,011
Net profit/(loss) for the financial year	-	-	-	(10,701)	(10,701)	(2)	(10,703)
Other comprehensive loss for the financial year	-	-	7	-	7	-	7
Balance as at 31 December 2022	148,196	6,050	18	(77,460)	76,804	(194)	76,610

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 2022.

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”) and the requirement of the Companies Act 2016 in Malaysia.

The interim financial statements should be read in conjunction with the latest audited financial statements for the financial year ended 31 December 2022. 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 2022.

A2. Adoption of Amendments to Standards

The accounting standards 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 2022 except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group’s financial statements for the current financial year.

MFRS 17 Insurance Contracts (“MFRS 17”) and Amendments to MFRS 17
Amendments to MFRS 108 Accounting Policies, Change in Accounting Estimates and Errors
- *Definition of Accounting Estimates*

Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 to the Group.

Amendments/ MFRS	Description	Effective for financial periods beginning on or after
Amendments to MFRS 16	Lease – <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRSs 101	Presentation of Financial Statements – <i>Non-current Liabilities with Covenants</i>	1 January 2024

Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

The above pronouncements are either not relevant or do not have any material impact on the Group's financial statements.

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 2022.

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 31 March 2023 is as follows:

Quarter ended 31 March 2023	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	3,887	520	4,407
Direct Cost			(2,576)
Other unallocated income			235
Administrative and General Expenses			(5,380)
Share of Associate Profit /(Loss)			43
Finance costs			(12)
Profit/(Loss) before taxation			(3,283)
Taxation			-
Profit/(Loss) after taxation			(3,283)
Exchange different			-
Non-Controlling interest			-
Profit/(Loss) attributable to owners of the Company			(3,283)
Segment Assets	51,765	2,854	54,619
Tax assets			1,146
Unallocated corporate assets			23,782
			79,547
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			6,237
			6,237

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A10. Segmental information (continued)

The segment information for the quarter ended 31 March 2022 is as follows:

Quarter ended 31 March 2022	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	4,506	102	4,608
Direct Cost			(2,550)
Other unallocated income			203
Administrative and General Expenses			(3,668)
Share of Associate Profit/(Loss)			(436)
Finance costs			(1)
Profit/(Loss) before taxation			(1,844)
Taxation			-
Profit/(Loss) after taxation			(1,844)
Exchange different			-
Non-controlling interest			-
Profit/(Loss) attributable to owners of the Company			(1,844)
Segment assets	32,211	3,145	35,356
Tax assets			676
Unallocated corporate assets			53,147
			89,179
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			5,597
			5,597

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 2023 RM'000	31 March 2022 RM'000
Rental expenses	69	69
Short term employee benefits	167	157

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	31 March 2023 RM'000	31 March 2022 RM'000
Rental expenses	69	69
Short term employee benefits	167	157

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	Preceding year corresponding quarter 31	Increase/ (Reduce)	Current year to date 31	Preceding year corresponding period 31	Increase/ (Reduce)
	March 2023	March 2022		March 2023	March 2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,407	4,608	(201)	4,407	4,608	(201)
Operating Profit/(Loss)	(3,314)	(1,407)	1,907	(3,314)	(1,407)	1,907
Profit/(Loss) Before Tax	(3,283)	(1,844)	1,439	(3,283)	(1,844)	1,439
Profit/(Loss) After Tax	(3,283)	(1,844)	1,439	(3,283)	(1,844)	1,439
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,283)	(1,844)	1,439	(3,283)	(1,844)	1,439

MPay and its subsidiaries ("Group") recorded revenue of RM4.407 million in the quarter ended 31 March 2023 ("current quarter"), compared to the revenue of RM4.608 million in the preceding year corresponding quarter representing a slight decrease of RM0.201 million in the current quarter under review. The slight decrease in revenue is mainly due to overall slower retail industry.

The Group Q1 2023 recorded a Loss After Tax of RM3.283 million as compared to a Loss After Tax of RM1.844 million recorded in preceding year's corresponding quarter. The Group Q1 2023 Loss After Tax was due to higher administration and general expenses of which RM3 million was from Provision of Impairment, Provision of Doubtful Debts and Amortisation of Software Development, during the current quarter compared to the previous quarter.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM2.671million.

2. Material changes to the results of the preceding quarter

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

	Current quarter 31 March 2023	Preceding quarter 31 December 2022	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	4,407	4,183	224
Operating Profit/(Loss)	(3,314)	(2,838)	476
Profit /(Loss) Before Tax	(3,283)	(2,682)	601
Profit/(Loss) After Tax	(3,283)	(2,698)	585
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,283)	(2,750)	533

MPay and its subsidiaries ("Group") recorded revenue of RM4.407 million in the quarter ended 31 March 2023 ("current quarter"), compared with the revenue of RM4.183 million in the immediate preceding quarter, representing an increase of RM0.224 million in the current quarter. This increase was due to the growth in Fintech services revenue.

The Group recorded a Loss After Tax of RM3.283 million during the current quarter, compared to a Loss After Tax of RM2.698 million compared to immediate preceding quarter, an increase of RM0.585 million. The increase in the loss was due to increase in administration cost.

3. Prospects of the Group

The Group has taken prudent measures to ensure business continuity and sustainably in the coming year. One of which was the divestment of non-performing and non-core assets and the formation of joint ventures with business partners that are able to pave way to various new business opportunities while the Group continuously strengthens its Fintech businesses. The Group will continue to focus on operational efficiencies efforts to ensure the Group remains competitive in the challenging business environment and deliver sustainable growth in the long term.

The Group launched a Fintech mobile application called the “PEARL – One Touch Penang” on 28 April 2023. This application was awarded to MPay by Majlis Bandaraya Pulau Pinang (MBPP) in early 2022. It is dubbed to be the first of its kind by a city council in Malaysia. PEARL – One Touch Penang is a hyperlocal mobile application that acts as a virtual one-stop smart platform for all Majlis Bandaraya Pulau Pinang (MBPP) services along with a host of amazing features covering lifestyle, business, and travel – all created for residents, businesses, and visitors on Penang Island.

The PEARL app is an initiative by MBPP created to foster a strong bond between individuals, businesses, visitors, and local government toward building a more cohesive, inclusive, and resilient economy. The Group is positive that the “PEARL – One Touch Penang” mobile application will start generating revenue by second half of the year.

Premised on the above, barring any unforeseen circumstances, the Board is cautiously optimistic that the Group’s financial performance would improve in the coming years.

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 2023	Preceding Year Corresponding Quarter 31 March 2022	Current Year-to-date 31 March 2023	Preceding Year Corresponding Period 31 March 2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(107)	(179)	(107)	(179)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(128)	(24)	(128)	(24)
Depreciation & amortisation	1,085	1,225	1,085	1,225
Impairment of trade receivable	1,927	402	1,927	402
Interest Expenses	12	1	12	1

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2023	Preceding Year Corresponding Quarter 31 March 2022	Current Year-to-date 31 March 2023	Preceding Year Corresponding Period 31 March 2022
	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 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 March 2023 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	2,411	within 24 months	6,915	74.15%	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>12,872</u>		<u>21,164</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 2023	Preceding Year Corresponding Quarter 31 March 2022	Cumulative Year-to-date 31 March 2023	Cumulative Year-to-date 31 March 2022
Total comprehensive Income attributable to owners of the Company (RM'000)	(3,283)	(1,844)	(3,283)	(1,844)
Weighted average number of ordinary shares in issue ('000)	861,369	861,369	861,369	861,369
Basic earnings per ordinary share (sen)	(0.38)	(0.21)	(0.38)	(0.21)

(b) Diluted earnings per ordinary share

The Group has no dilution in their loss per ordinary share as there were no dilutive potential ordinary shares.

12. Other Disclosures Items to the Statement of Comprehensive Income

Save as disclosed above in the Statement of Comprehensive Income, the following items are not applicable to the Group: -

- (a) Gain or loss on disposal of quoted or unquoted investments or properties;
- (b) Gain or loss on derivatives;
- (c) Exceptional items;

13. This interim financial report is dated 26 May 2023.

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