

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 30 September 2023 RM'000	Preceding year corresponding quarter 30 September 2022 RM'000	Current year to date 30 September 2023 RM'000	Unaudited corresponding period 30 September 2022 RM'000
Revenue		4,657	4,987	13,487	13,688
Direct Costs		<u>(2,899)</u>	<u>(3,462)</u>	<u>(8,844)</u>	<u>(8,915)</u>
Gross Profit		1,758	1,525	4,643	4,773
Other Income		181	419	584	925
Administrative and General Expenses		<u>(5,715)</u>	<u>(4,283)</u>	<u>(15,487)</u>	<u>(12,032)</u>
Operating Gain / (Loss)		(3,776)	(2,339)	(10,260)	(6,334)
Finance Costs		(87)	(3)	(152)	(8)
Share of Associate Profit		<u>31</u>	<u>3</u>	<u>108</u>	<u>(684)</u>
Profit/(Loss) Before Taxation	B5	(3,832)	(2,339)	(10,304)	(7,026)
Taxation	B6	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Profit/(Loss) After Taxation		(3,837)	(2,339)	(10,309)	(7,026)
Exchange Different		-	-	-	-
Total comprehensive Profit / (Loss)		<u>(3,837)</u>	<u>(2,339)</u>	<u>(10,309)</u>	<u>(7,026)</u>
Non-Controlling Interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>(3,837)</u></u>	<u><u>(2,339)</u></u>	<u><u>(10,309)</u></u>	<u><u>(7,027)</u></u>
Earnings per share (sen) :-					
a) Basic		(0.45)	(0.27)	(1.20)	(0.82)

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 30 SEPTEMBER 2023**

	Unaudited As at 30 September 2023 RM'000	Audited As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,439	14,934
Investment in associate	2,918	2,811
Software development	17,034	18,089
Trade and other receivables	17,342	20,865
Other investment	12	18
	<u>51,745</u>	<u>56,717</u>
Current assets		
Inventories	4,902	4,731
Trade and other receivable	16,884	16,430
Contract assets	-	169
Amount due from associates	182	-
Current tax asset	1,300	1,033
Short Term Fund, deposits, cash and bank balances	6,188	6,187
	<u>29,456</u>	<u>28,550</u>
Total Assets	<u><u>81,201</u></u>	<u><u>85,267</u></u>
EQUITY AND LIABILITIES		
Share capital	148,196	148,196
Other reserves	6,926	6,050
Exchange Reserves	(160)	18
Accumulated Losses	(87,769)	(77,460)
Equity Attributable To Equity Holders of the Company	<u>67,193</u>	<u>76,804</u>
Non-controlling interest	(194)	(194)
Total Equity	<u>66,999</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	5,026	535
Trade and other payables	6,991	7,098
Amount due to an Associate	1,300	-
	<u>13,317</u>	<u>7,773</u>
Total Liabilities	<u>14,202</u>	<u>8,657</u>
TOTAL EQUITY AND LIABILITIES	<u><u>81,201</u></u>	<u><u>85,267</u></u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u><u>0.09</u></u>	<u><u>0.10</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 2023**

	As at 30 September 2023	As at 30 September 2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(10,304)	(7,026)
Adjustment for:		
Amortisation of software development	1,772	1,339
Depreciation of property, plant and equipment	1,102	2,243
Net(reversal of impairment)/impairment of financial asset	6,197	3,808
Interest Income	(217)	(578)
Interest expenses	152	8
Fair value loss on investment	6	-
Share base payment (ESOS)	876	393
Share of Associate Profit/(Loss)	(108)	684
Operating profit/(loss) before changes in working capital	<u>(524)</u>	<u>871</u>
Inventories	(171)	2
Receivables	(3,128)	(5,706)
Payables	89	922
Amount owing to related companies	<u>1,118</u>	<u>-</u>
Changes in Working Capital	(2,616)	(3,911)
Interest received	217	578
Interest paid	(152)	(8)
Tax refund/(Tax paid)	(272)	(248)
Net Operating Cash Flows	<u>(2,823)</u>	<u>(3,589)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(717)	(778)
Purchase of property, plant and equipment net of cash and cash equivalents	(607)	(7,001)
Net investing cash flows	<u>(1,324)</u>	<u>(7,779)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawn down of lease liabilities	(680)	(476)
Net financing cash flows	<u>(680)</u>	<u>(476)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,827)	(11,844)
Effect of Changes of Exchange Rate	(178)	(183)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,187</u>	<u>18,566</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>1,182</u></u>	<u><u>6,539</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 30 SEPTEMBER 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	-	-	-	(10,309)	(10,309)	-	(10,309)
Share option charge arising from ESOS granted	-	876	-	-	876	-	876
Other comprehensive loss for the financial year	-	-	(178)	-	(178)	-	(178)
Balance as at 30 September 2023	<u>148,196</u>	<u>6,926</u>	<u>(160)</u>	<u>(87,769)</u>	<u>67,193</u>	<u>(194)</u>	<u>66,999</u>
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	<u>148,196</u>	<u>6,050</u>	<u>18</u>	<u>(77,460)</u>	<u>76,804</u>	<u>(194)</u>	<u>76,610</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 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 the 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 2023 is as follows:

Quarter ended 30 September 2023	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	4,450	207	4,657
Direct Cost			(2,899)
Other unallocated income			181
Administrative and General Expenses			(5,715)
Share of Associate Profit /(Loss)			31
Finance costs			(87)
Profit/(Loss) before taxation			(3,832)
Taxation			(5)
Profit/(Loss) after taxation			(3,837)
Exchange different			-
Non-Controlling interest			-
Profit/(Loss) attributable to owners of the Company			(3,837)
Segment Assets	31,485	2,918	34,403
Tax assets			1,300
Unallocated corporate assets			45,498
			81,201
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			14,202
			14,202

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A10. Segmental information (continued)

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

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 2023 RM'000	30 September 2022 RM'000
Rental expenses	69	69
Short term employee benefits	198	186

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	30 September 2023 RM'000	30 September 2022 RM'000
Rental expenses	207	207
Short term employee benefits	563	528

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 30 September 2023	Preceding year corresponding quarter 30 September 2022	Increase/ (Reduce)	Current year to date 30 September 2023	Preceding year corresponding period 30 September 2022	Increase/ (Reduce)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,657	4,987	(330)	13,487	13,688	(201)
Operating Profit/(Loss)	(3,776)	(2,339)	1,437	(10,260)	(6,334)	3,926
Profit/(Loss) Before Tax	(3,832)	(2,339)	1,493	(10,304)	(7,026)	3,278
Profit/(Loss) After Tax	(3,837)	(2,339)	1,489	(10,309)	(7,026)	3,283
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,837)	(2,339)	1,498	(10,309)	(7,027)	3,282

MPay and its subsidiaries ("Group") recorded revenue of RM4.657 million in the quarter ended 30 September 2023 ("current quarter"), compared with the revenue of RM4.987 million in the preceding corresponding quarter representing a decrease of RM0.330 million in the current quarter under review. The decrease in revenue is mainly due to the decrease in Fintech services revenue.

The Group Q3 2023 recorded a Loss After Tax of RM3.837 million as compared to a Loss After Tax of RM2.339 million recorded in the preceding year's corresponding quarter. The Group Q3 2023 Loss after Tax was due to higher administrative and general expenses during the current cumulative quarter compared to the previous quarter.

The Group cash position and liquidity remains healthy with short term fund and cash balance of about RM1.182million.

2. Material changes to the results of the preceding quarter

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

	Current quarter 30 September 2023	Preceding quarter 30 June 2023	Increase / (Reduce)
	RM'000	RM'000	RM'000
Revenue	4,657	4,423	234
Operating Profit/(Loss)	(3,776)	(3,170)	606
Profit /(Loss) Before Tax	(3,832)	(3,189)	643
Profit/(Loss) After Tax	(3,837)	(3,189)	648
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,837)	(3,189)	648

MPay and its subsidiaries ("Group") recorded revenue of RM4.657 million in the quarter ended 30 September 2023 ("current quarter"), compared with the revenue of RM4.423 million in the immediate preceding quarter, representing an increase of RM0.234 million in the current quarter. This increase was due to the growth in Fintech services revenue.

The Group recorded a Loss After Tax of RM3.837 million during the current quarter, compared to a Loss After Tax of RM3.189 million in the immediate preceding quarter. The increase in the loss of RM0.684 million was due to increase in the administrative and general expenses.

3. Prospects of the Group

The Group remains focused on its business strategy, encouraging the development of products as both a Fintech and Non-Fintech provider. This approach aims to equip itself to unlock growth in market share through the introduction of new products in the new digital economy.

Additionally, the Group is implementing a multi-modal revenue strategy, diversifying its income streams and enhancing financial resilience. Within the Fintech sector, the revenue breakdown includes:

- **Payment Services:** Providing seamless and secure payment solutions for large corporations and masses.
- **E-money Services:** Empowering vertical business operators to offer electronic money (wallet) and Mastercard prepaid card for enhanced financial accessibility within its business community.
- **Remittance Services:** Launching cross-border money transfers for efficiency.
- **Lending Services:** Offering lending services via P2P platform or direct lending.
- **Investment Services:** Providing avenues for retail or institutional investors to meet diverse financial goals.

For the Non-Fintech sector, the revenue breakdown encompasses:

- **o2o commerce:** Driving revenue through hyper local online to offline commerce platforms.
- **IT Solutions:** Providing innovative and tailored IT solutions for MSME and large corporations.

The Group will make significant efforts to direct strategies for sustained expansion, strive for innovation in its product offerings, and nurture customer relationships. Specifically, both the Fintech and Non-Fintech sectors, along with integrated production solutions for consumers, continue to shine as positive aspects in the Group's order pipeline.

Furthermore, the Group will continue to review its portfolio and strategize long-term growth plans to capitalize on post Covid business opportunities.

Barring any unforeseen circumstances, the Group is optimistic about the outlook for its performance and business operations in the current and future financial 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 2023	Preceding Year Corresponding Quarter 30 September 2022	Current Year-to-date 30 September 2023	Preceding Year Corresponding Period 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(81)	(117)	(217)	(578)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(100)	(302)	(367)	(347)
Depreciation & amortisation	1,176	1,193	2,874	3,582
Impairment of trade receivable	2,074	2,713	6,197	3,808
Interest Expenses	87	3	152	8

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 September 2023	Preceding Year Corresponding Quarter 30 September 2022	Current Year-to-date 30 September 2023	Preceding Year Corresponding Period 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Income tax charge	(5)	-	(5)	-
Deferred taxation	-	-	-	-
Tax expense	(5)	-	(5)	-

7. Status of corporate proposal

Save as disclosed below, there are no corporate proposal announced but not completed as at the date of this announcement.

8. Borrowings

The group's borrowings as of the end of the reporting period are as follows:

	30 September 2023 RM'000	31 December 2022 RM'000
Total		
Bank overdraft	5,006	343
Hire purchase payable	112	186
Lease liabilities	194	312
	<hr/> 5,312	<hr/> 841

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 2023	Preceding Year Corresponding Quarter 30 September 2022	Cumulative Year-to-date 30 September 2023	Cumulative Year-to-date 30 September 2022
Total comprehensive Income attributable to owners of the Company (RM'000)	(3,837)	(2,339)	(10,309)	(7,027)
Weighted average number of ordinary shares in issue ('000)	861,369	861,369	861,369	861,369
Basic earnings per ordinary share (sen)	(0.45)	(0.27)	(1.20)	(0.82)

(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 20 November 2023.

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