

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

	***** Individual Quarter *****		***** Cumulative Quarter *****		
	Note	Current year quarter 31 December 2023 RM'000	Preceding year corresponding quarter 31 December 2022 RM'000	Current year to date 31 December 2023 RM'000	Audited corresponding period 31 December 2022 RM'000
Revenue		4,098	4,353	17,585	18,041
Direct Costs		<u>(3,042)</u>	<u>(2,778)</u>	<u>(11,886)</u>	<u>(11,693)</u>
Gross Profit		1,056	1,575	5,699	6,348
Other Income		191	651	775	1,576
Administrative and General Expenses		<u>(4,190)</u>	<u>(6,047)</u>	<u>(19,677)</u>	<u>(18,079)</u>
Operating Gain / (Loss)		(2,943)	(3,821)	(13,203)	(10,155)
Finance Costs		(124)	(17)	(276)	(25)
Share of Associate Profit		<u>14</u>	<u>177</u>	<u>122</u>	<u>(507)</u>
Profit/(Loss) Before Taxation	B5	(3,053)	(3,661)	(13,357)	(10,687)
Taxation	B6	<u>-</u>	<u>(16)</u>	<u>(5)</u>	<u>(16)</u>
Profit/(Loss) After Taxation		(3,053)	(3,677)	(13,362)	(10,703)
Exchange Different		-	7	-	7
Total comprehensive Profit / (Loss)		<u>(3,053)</u>	<u>(3,670)</u>	<u>(13,362)</u>	<u>(10,696)</u>
Non-Controlling Interest		<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(3)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO Equity holders of the Company		<u><u>(3,053)</u></u>	<u><u>(3,666)</u></u>	<u><u>(13,362)</u></u>	<u><u>(10,693)</u></u>
Earnings per share (sen) :-					
a) Basic		(0.35)	(0.43)	(1.54)	(1.24)

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 DECEMBER 2023**

	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,161	14,934
Investment in associate	2,933	2,811
Software development	16,694	18,089
Trade and other receivables	17,617	20,865
Other investment	10	18
	<u>51,415</u>	<u>56,717</u>
Current assets		
Inventories	4,748	4,731
Trade and other receivable	18,427	16,430
Contract assets	-	169
Amount due from associates	185	-
Current tax asset	1,327	1,033
Short Term Fund, deposits, cash and bank balances	6,387	6,187
	<u>31,074</u>	<u>28,550</u>
Total Assets	<u>82,489</u>	<u>85,267</u>
EQUITY AND LIABILITIES		
Share capital	148,921	148,196
Other reserves	7,203	6,050
Exchange Reserves	(160)	18
Accumulated Losses	(90,822)	(77,460)
Equity Attributable To Equity Holders of the Company	<u>65,142</u>	<u>76,804</u>
Non-controlling interest	(194)	(194)
Total Equity	<u>64,948</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	5,191	535
Trade and other payables	10,165	7,098
Amount due to an Associate	1,300	-
	<u>16,656</u>	<u>7,773</u>
Total Liabilities	<u>17,541</u>	<u>8,657</u>
TOTAL EQUITY AND LIABILITIES	<u>82,489</u>	<u>85,267</u>
Net asset per share attributable to ordinary equity holders of the Company (RM)	<u>0.10</u>	<u>0.10</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 2023

	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(13,357)	(10,687)
Adjustment for:		
Amortisation of software development	2,363	2,054
Depreciation of property, plant and equipment	1,437	2,636
Net(reversal of impairment)/impairment of financial asset	7,779	4,854
Impairment loss in investment in associate	-	1,192
Interest Income	(322)	(672)
Interest expenses	450	24
Fair value loss on quoted equity securities	8	14
Fair value gain on other payable measured at amortised cost	-	(98)
Gain on derecognition of equity investment	-	(145)
Gain on disposal of property, plant and equipment	-	(1)
Share base payment (ESOS)	1,153	1,163
Unrealised (gain)/loss on foreign exchange	-	(118)
Share of Associate, net of tax	(122)	507
Waiver of debt	-	(290)
Operating profit/(loss) before changes in working capital	(611)	433
Inventories	(17)	768
Trade and other receivables	(6,527)	(9,669)
Trade and other payables	3,067	2,605
Contract asset	29	(169)
Contract liability	-	(75)
Changes in Working Capital	(4,059)	(6,107)
Interest received	322	672
Interest paid	(450)	(24)
Tax refund/(Tax paid)	(299)	(373)
Net Operating Cash Flows	(4,486)	(5,832)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of intangible assets	(968)	(6,005)
Advance to a joint venture	-	(168)
Net withdrawal / (placement) of fixed deposits	-	(338)
Proceeds from disposal of property, plant and equipment	12	4,198
Proceed from disposal of other investment	-	795
Purchase of other investment	-	(32)
Purchase of property, plant and equipment	(676)	(2,994)
(Advance to)/ Repayment from associates	1,115	(1,942)
Net investing cash flows	(517)	(6,486)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	725	-
(Repayment to)/Advances from associates	-	(683)
Payment of lease liabilities	(118)	(113)
Repayments of hire purchaes payable	(72)	(70)
Net financing cash flows	535	(866)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,468)	(13,184)
Effect of Changes of Exchange Rate	(178)	126
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,844	17,437
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,198	4,379
Analysis of cash and cash equivalents:		
Short Term Fund, deposits, cash and bank balances	6,387	4,721
Bank Overdraft	(5,189)	(342)
	1,198	4,379

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 DECEMBER 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	(77,459)	76,805	(195)	76,610
Issuance of ordinary share	725	-	-	-	725	-	725
Net profit/(loss) for the financial year	-	-	-	(13,362)	(13,362)	-	(13,362)
Share option charge arising from ESOS granted	-	1,153	-	-	1,153	-	1,153
Other comprehensive loss for the financial year	-	-	(178)	-	(178)	-	(178)
Balance as at 31 December 2023	<u>148,921</u>	<u>7,203</u>	<u>(160)</u>	<u>(90,821)</u>	<u>65,143</u>	<u>(195)</u>	<u>64,948</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	-	-	-	(10,700)	(10,700)	(3)	(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>(77,459)</u>	<u>76,805</u>	<u>(195)</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.

The Board of Directors of the Company had on 20 November 2023 approved the change of the financial year end from 31 December 2023 to 30 June 2024. The next audited financial statements of the Company shall be for a period of 18 months, made up from 1 January 2023 to 30 June 2024.

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 Convenants</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 December 2023 is as follows:

Quarter ended 31 December 2023	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	3,798	300	4,098
Direct Cost			(3,042)
Other unallocated income			191
Administrative and General Expenses			(4,190)
Share of Associate Profit /(Loss)			14
Finance costs			(124)
Profit/(Loss) before taxation			(3,053)
Taxation			-
Profit/(Loss) after taxation			(3,053)
Exchange different			-
Non-Controlling interest			-
Profit/(Loss) attributable to owners of the Company			(3,053)
Segment Assets	30,855	2,943	33,798
Tax assets			1,327
Unallocated corporate assets			47,364
			82,489
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			17,541
			17,541

NOTES TO THE QUARTERLY REPORT (CONTINUED)

A10. Segmental information (continued)

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

Quarter ended 31 December 2022	Fintech Services RM'000	Non-fintech Services RM'000	Total Services RM'000
Segment Revenue	4,152	201	4,353
Direct Cost			(2,778)
Other unallocated income			651
Administrative and General Expenses			(6,047)
Share of Associate Profit/(Loss)			177
Finance costs			(17)
Profit/(Loss) before taxation			(3,661)
Taxation			(16)
Profit/(Loss) after taxation			(3,677)
Exchange different			7
Non-controlling interest			4
Profit/(Loss) attributable to owners of the Company			(3,666)
Segment assets	33,023	2,829	35,852
Tax assets			1,033
Unallocated corporate assets			48,382
			85,267
Segment Liabilities			
Tax liabilities			-
Unallocated corporate liabilities			8,657
			8,657

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 2023 RM'000	31 December 2022 RM'000
Rental expenses	69	69
Short term employee benefits	176	180

	Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Period
	31 December 2023 RM'000	31 December 2022 RM'000
Rental expenses	276	276
Short term employee benefits	739	708

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 2023 RM'000	Preceding year corresponding quarter 31 December 2022 RM'000	Increase/ (Reduce) RM'000	Current year to date 31 December 2023 RM'000	Preceding year corresponding period 31 December 2022 RM'000	Increase/ (Reduce) RM'000
Revenue	4,098	4,353	(255)	17,585	18,041	(456)
Operating Profit/(Loss)	(2,943)	(3,821)	(878)	(13,203)	(10,155)	3,048
Profit/(Loss) Before Tax	(3,053)	(3,661)	(608)	(13,357)	(10,687)	2,670
Profit/(Loss) After Tax	(3,053)	(3,677)	(624)	(13,362)	(10,703)	2,659
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,053)	(3,666)	(613)	(13,362)	(10,693)	2,669

MPay and its subsidiaries ("Group") recorded revenue of RM4.098 million in the quarter ended 31 December 2023 ("current quarter"), compared with the revenue of RM4.353 million in the preceding year corresponding quarter representing a decrease of RM0.255 million in the current quarter under review. The decrease in revenue is mainly due to the decrease in Fintech services revenue.

The Group Q4 2023 recorded a Loss After Tax of RM3.053 million as compared to a Loss After Tax of RM3.677 million recorded in preceding year's corresponding quarter. The Group Q4 2023 Loss after Tax was due to lower administrative and general expenses during 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 RM1.198million.

2. Material changes to the results of the preceding quarter

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

	Current quarter	Preceding quarter	Increase /
	31 December 2023	30 September 2023	(Reduce)
	RM'000	RM'000	RM'000
Revenue	4,098	4,657	(559)
Operating Profit/(Loss)	(2,943)	(3,776)	(833)
Profit /(Loss) Before Tax	(3,053)	(3,832)	(779)
Profit/(Loss) After Tax	(3,053)	(3,837)	(784)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,053)	(3,837)	(784)

MPay and its subsidiaries ("Group") recorded revenue of RM4.098 million in the quarter ended 31 December 2023 ("current quarter"), compared with the revenue of RM4.657 million in the immediate preceding quarter, representing a decrease of RM0.559 million in the current quarter. This decrease was due to the decrease in Fintech services revenue.

The Group recorded a Loss After Tax of RM3.053 million during the current quarter, compared to a Loss After Tax of RM3.837 million compared to immediate preceding quarter, a decrease of RM0.784 million. The decrease in the loss was due to a decrease in the administrative and general expenses.

3. Prospects of the Group

The Group achieved growth across all business segments and the Fintech and Non Fintech continued to contribute positively. Strong growth comes from the customers' investments in technology for business Fintech and digital innovation.

The Group has strategically forged partnerships with the companies with digital-based solutions, establishing a robust platform to capture market opportunities and strengthen the Group offerings in the FinTech business segments.

Given the growing trend of companies transitioning to Fintech for accelerating digital transformation, the Group is well-positioned to ride the digital transformation cycle and meet the evolving industry needs of the customers.

The Group is committed to delivering value, fostering innovation and continues to identify synergistic opportunities with strategic partners and investing in talented people to drive business opportunities arising from the adoption of digital solutions.

Barring unforeseen circumstances, the Group maintains a positive outlook and remains optimistic of the Groups' performance 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 31 December 2023	Preceding Year Corresponding Quarter 31 December 2022	Current Year-to-date 31 December 2023	Preceding Year Corresponding Period 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(105)	(94)	(322)	(672)
Other income, excluding interest income, gain on disposal of plant and equipment and gain on foreign exchange	(86)	(557)	(453)	(904)
Depreciation & amortisation	926	1,108	3,800	4,690
Impairment of trade receivable	1,582	1,046	7,779	4,854
Interest Expenses	298	16	450	24

6. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 December 2023	Preceding Year Corresponding Quarter 31 December 2022	Current Year-to-date 31 December 2023	Preceding Year Corresponding Period 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Income tax charge	-	(16)	(5)	(16)
Deferred taxation	-	-	-	-
Tax expense	-	(16)	(5)	(16)

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:

	31 December 2023 RM'000	31 December 2022 RM'000
Total		
Bank overdraft	5,189	343
Hire purchase payable	114	186
Lease liabilities	194	312
	<hr/> 5,497	<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 31 December 2023	Preceding Year Corresponding Quarter 31 December 2022	Cumulative Year-to-date 31 December 2023	Cumulative Year-to-date 31 December 2022
Total comprehensive Income attributable to owners of the Company (RM'000)	(3,053)	(3,666)	(13,362)	(10,693)
Weighted average number of ordinary shares in issue ('000)	866,369	861,369	866,369	861,369
Basic earnings per ordinary share (sen)	(0.35)	(0.43)	(1.54)	(1.24)

(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 23 February 2024.

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