MIE Pay Limited

ABN 57 629 754 874

Interim Report - 30 September 2019

MIE Pay Limited
Directors' report
30 September 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MIE Pay Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 September 2019.

Directors

The following persons were directors of MIE Pay Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Lei Zhang
Roger Kerr (appointed 25th September 2019)
Jack Zhong Yin (appointed 25th September 2019)
Tony Leung (appointed 25th September 2019)
Chen Chik Ong (appointed 15 July 2019)
Shu, Jiang (resigned 25th September 2019)
Zhou, Zang (resigned 25th September 2019)

Principal activities

The principal activities of the Company during the year were provision of digital payment solutions.

Review of operations

The Company is a technology driven payment company that facilitates online and offline commerce between retail merchants and end customers. Its operation is based in Auckland and Sydney.

Its primary business model is a fintech business building an innovative financial technology ecosystem, the core of which is an interactive payment platform which delivers an improved shopping or checkout experience with payments as a component. It is focused on lowering acceptance costs for merchants and aims to supplement the initial solution with value-added services.

During the half-year ended 30 September 2019, the loss of the consolidated entity amounted to NZD 1,137,960 (30 September 2018: NZD 94,954).

Management is aware of the group's financial position and believes it is consistent with the business strategy of achieving higher market dominance, which requires high outlay during the early phases of the business life cycle. The group continues to experience high growth.

AASB 16 'Leases' had an impact on the current period. The current profit before income tax expense was reduced by NZD 1,301. This included an increased depreciation and amortisation expense of NZD 15,719 and increased finance costs of NZD 1,181, offset by a reduction in other expenses (reclassification of lease expenses) of NZD 15,599. As at 30 September 2019, net assets were reduced by NZD 505 (attributable to right-of-use assets and lease liabilities).

The finance application industry is a fast moving industry and the rate of technological change is continuing. The main risk for the consolidated entity, and therefore the focus of management, is technology advancement, user interface and security. During the financial half-year the group continued to experience growth in subscribers to the finance application as the company continued to improve user experience and assurance of security enhancements.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year. During the six months ended 30 September 2019, the group progressed its strategy to become listed on the National Stock Exchange of Australia Ltd (NSX). The directors consider that being listed on the NSX will provide improved access to capital, and provide greater liquidity for its shares.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Lei Zhang
Director

07 May 2020
Sydney

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mie Pay Limited for the half year ended 30 September 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 7 May 2020

MIE Pay Limited
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30 September 2019

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General information

The financial statements cover MIE Pay Limited as a consolidated entity consisting of MIE Pay Limited and the entities it controlled at the end of, or during, the half-year.

The functional currency of MIE Pay Limited is Australian dollars, which is predominantly where economic activities of the company were undertaken as at 30 September 2019. The financial statement presentation currency is New Zealand dollars.

MIE Pay Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 403
Level 4
165 Phillip Street
Sydney NSW 2000

Principal place of business

Suite 403
Level 4
165 Phillip Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 07 May 2020.

MIE Pay Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2019

	Note	Consolidated 30 Sep 2019	Consolidated 30 Sep 2018
Revenue			
Revenue from contracts with customers	3	115,943	70,271
Related parties recharges	3	138,373	-
Interest revenue		426	-
Expenses			
Employees and consultants		(844,761)	(141,867)
Corporate overheads		(89,090)	(4,578)
Marketing and business development		(102,616)	(1,667)
Shared expenses from related parties		(206,869)	-
Depreciation		(57,913)	-
Finance costs	4	(37,565)	-
Other expense		(53,888)	(17,113)
Loss from continuing operations		(1,137,960)	(94,954)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,137,960)	(94,954)
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive loss for the half-year		-	-
Total comprehensive loss for the half-year		(1,137,960)	(94,954)
Loss for the half-year is attributable to:			
Owners of MIE Pay Limited		(1,137,960)	(94,954)
Total comprehensive loss for the half-year to holder of the parent		(1,137,960)	(94,954)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

MIE Pay Limited
Consolidated statement of financial position
As at 30 September 2019

	Note	Consolidated 30 Sep 2019	Consolidated 31 Mar 2019
Assets			
Current assets			
Cash and cash equivalents		528,853	514,557
Trade and other receivables		651,430	788,760
Prepayments		22,556	6,172
GST Refund		20,214	33,708
Amount due from related parties		35,641	22,863
Total current assets		1,258,694	1,366,060
Non-current assets			
Property, plant and equipment		22,764	13,852
Rights-of-use assets	5	32,254	-
Intangibles assets		419,209	305,574
Deferred tax		23,726	23,726
Total non-current assets		497,953	343,152
Total assets		1,756,647	1,709,212
Liabilities			
Current liabilities			
Trade and other payables		910,812	856,437
Lease liabilities	7	32,759	-
Total current liabilities		943,571	856,437
Non-current liabilities			
Bonds held on POS machine		5,250	3,250
Borrowings	8	1,116,973	-
Lease liability	9	-	-
Total non-current liabilities		1,122,223	3,250
Total liabilities		2,065,794	859,687
Net liabilities		(309,147)	849,525
Equity			
Issued capital		1,045,486	1,045,486
Reserves		(184,086)	(228,719)
Retained earnings/(accumulated losses)		(1,170,547)	32,758
Total equity		(309,147)	849,525

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

MIE Pay Limited
Consolidated statement of changes in equity
For the half-year ended 30 September 2019

Consolidated	Issued capital	Reserves	Retained deficits	Total equity
Balance at 1 April 2018	1	-	(89,692)	(89,691)
Common control transactions	-	(184,060)	184,646	586
IPO listing cost	-	-	-	-
Capital contribution from shared-based payment	69,930	-	-	69,930
Loss after income tax expense for the half year	-	-	(94,954)	(94,954)
Balance at 30 September 2018	69,931	(184,060)	(0)	(114,129)

Consolidated	Issued capital	Reserves	Retained profits	Total equity
Balance at 1 April 2019	1,045,486	(202,388)	(32,587)	810,511
Foreign currency translation reserve	-	10,632	-	10,632
IPO listing cost	-	7,670	-	7,670
Loss after income tax expense for the half year	-	-	(1,137,960)	(1,137,960)
Balance at 30 September 2019	1,045,486	(184,086)	(1,170,547)	(309,147)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

MIE Pay Limited
Consolidated statement of cash flows
For the half-year ended 30 September 2019

	Note	Consolidated 30 Sep 2019	30 Sep 2018
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		253,095	117,268
Payments to suppliers and employees (inclusive of GST)		(1,266,168)	(6,501)
		(1,013,073)	110,767
Interest received		426	67
Other revenue		138,373	-
Interest and other finance costs paid		(37,566)	-
Income taxes paid		-	-
Net cash from operating activities		(911,840)	110,834
Cash flows from investing activities			
Payments for property, plant and equipment		(164,741)	-
Net cash used in investing activities		(164,741)	-
Cash flows from financing activities			
Proceeds from borrowings		1,081,127	-
Proceeds from issuing shares		-	-
Repayment of borrowings		-	(27,993)
Net cash used in financing activities		1,081,127	(27,993)
Effects of exchange rate changes on cash and cash equivalents		9,750	-
Net increase/(decrease) in cash and cash equivalents		4,546	82,841
Cash and cash equivalents at the beginning of the financial half-year		514,557	12,484
Cash and cash equivalents at the end of the financial half-year		528,853	95,325

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The principle accounting policies in the preparation of the half year reporting period are set out below. These policies have been consistently applied to the half year presented, unless otherwise stated.

Business Combination

MIE Pay Limited, MIE Pay NZ Limited, and MyPay New Zealand Limited are owned and controlled by the same shareholders before and after the business combination, and the control is not transitory. Therefore, the business combination represents a common control combination.

Business combination involving entities under common control is scoped out under IFRS 3 *Business Combination*. IFRS provides no guidance on the accounting for these types of transactions, however does require an entity to develop an accounting policy. The two most common methods utilised are the acquisition method and the pooling of interest type method (predecessor method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest type method to be the most appropriate. The pooling of interest type method requires the financial statements to be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings / reserves and no additional goodwill is created by the transaction. This transaction has created a common control reserve amounting to (NZD 190,794), which equates to the negative net asset positions of both MIE Pay NZ Ltd (NZD 6,025) and MyPayNZ Ltd (NZD 184,768).

As such, comparatives will be disclosed for the statement of profit and loss, statement of changes in equity and statement of cash flows for 30 September 2018, despite MIE Pay Limited not becoming incorporated until 1 November 2018.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a net loss of $1,137,960 during the period end 30 September 2019 and, as of that date, the company had a deficiency of net assets of $309,147.

These factors indicate a material uncertainty which may cast significant doubt as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

- The company has received Pre-IPO funds of $500,000 from the issue of 5,000,000 ordinary shares at $0.10 per share and a further $500,000 from the issue of 8,333,333 ordinary shares at $0.06 per share.
- The directors expect additional capital will be raised upon the initial public offering of the companies share on the NSX ($3.3M minimum offer and $4.3M maximum offer).

Note 1. Significant accounting policies (continued)

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MIE Pay Limited ('company' or 'parent entity') as at 30 September 2019 and the results of all subsidiaries for the half year then ended. MIE Pay Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in New Zealand dollars, which is MIE Pay Limited's presentation currency. The functional currency of MIE Pay Limited is Australian dollars, which is predominantly where economic activities of the group were undertaken as at 30 September 2019. However, the continuing strategic expansion of MIE Pay Limited into the Australian market, and the expectation that the company's economic activities in Australia are likely to exceed those in New Zealand in the near future may result in the presentation currency being re-considered.

Foreign operations
The assets and liabilities of foreign operations are translated into New Zealand dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into New Zealand dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss upon the disposal of a foreign operation or net investment.

Note 1. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are recognised at fair value. No adjustments have been made in relation to any allowance for expected credit losses. This is because; trade receivables are generally settled the next business day.

Note 1. Significant accounting policies (continued)

Property, plant and equipment
Land and buildings are shown at fair value, and will be based on periodic (at least every 3 years), valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the half year ended and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared and no longer at the discretion of the company.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards
The following Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have been adopted by the consolidated entity for the half year reporting period ended 30 September 2019.

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments based on geographic locations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

MIE Pay Limited
Notes to the consolidated financial statements
30 September 2019

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 30 Sep 2019	Australia	New Zealand	Total
Revenue			
Sales to external customers	-	115,943	115,943
Share of cost recharge	-	138,373	138,373
Total sales revenue	-	254,316	254,316
Other revenue	-	-	-
Total segment revenue	-	254,316	254,316
Unallocated revenue:			
Interest revenue			426
Total revenue			254,742
EBITDA	(318,086)	(724,822)	(1,042,908)
Depreciation and amortisation			(57,913)
Interest revenue			426
Finance costs			(37,565)
Loss before income tax expense			(1,137,960)
Income tax expense			-
Loss after income tax expense			(1,137,960)
Assets			
Segment assets	51,277	1,152,791	1,204,068
Unallocated assets:			
Cash and cash equivalents			528,853
Deferred tax asset			23,726
Total assets			1,756,647
Liabilities			
Segment liabilities	114,299	834,522	948,821
Unallocated liabilities:			
Provision for income tax			-
Convertible loans			1,116,973
Deferred tax liability			-
Total liabilities			2,065,794

Note 2. Operating segments (continued)

Consolidated – 30 Sep 2018	Australia	New Zealand	Total
Revenue			
Sales to external customers	-	70,271	70,271
Share of cost recharge	-	-	-
Total sales revenue	-	-	-
Other revenue	-	-	-
Total segment revenue	-	-	70,271
Unallocated revenue:			
Interest revenue			-
Total revenue			70,271
EBITDA	-	(94,954)	(94,954)
Depreciation and amortisation			-
Interest revenue			-
Finance costs			-
Loss before income tax expense			(94,954)
Income tax expense			-
Loss after income tax expense			(94,954)

Note 3. Revenue

	Consolidated	
	30 Sep 2019	**30 Sep 2018**
Revenue from contracts with customers		
Rendering of services	115,943	70,271
Share of cost recharge	138,373	-
	254,316	70,271
Other revenue		
Interest revenue	426	-
Other revenue	-	-
	426	-
Revenue	254,742	70,271

Note 3. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 30 Sep 2019	Total
Major service lines	
Services fees	115,943
Other	138,373
	254,316
Geographical regions	
Australia	-
New Zealand	254,316
Rest of the World	-
	254,316
Timing of revenue recognition	
Services transferred over time	254,316
Other	-
	254,316

Consolidated - 30 Sep 2018	Total
Major service lines	
Services	70,271
Other	-
	70,271
Geographical regions	
Australia	-
New Zealand	70,271
Rest of the World	-
	70,271
Timing of revenue recognition	
Services transferred over time	70,271
Other	-
	70,271

Note 4. Expenses

	Consolidated	
	30 Sep 2019	**30 Sep 2018**
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	-	-
Finance costs		
Interest and finance charges paid/payable on borrowings	36,383	-
Interest and finance charges paid/payable on lease liabilities	1,182	-
Finance costs expensed	37,565	-
Net foreign exchange loss		
Net foreign exchange loss	52,587	-
Write off of assets		
Inventories	-	-

Note 5. Non-current assets - right-of-use assets

	Consolidated	
	30 Sep 2019	**31 Mar 2019**
Land and building - right-of-use	47,973	-
Less: Accumulated amortisation	(15,719)	-
	32,254	-
	32,254	-

The consolidated entity lease for its offices is under agreements of one year with options to extend. Terminating date of lease is on 21 April 2020.

Note 6. Current liabilities - borrowings

	Consolidated	
	30 Sep 2019	**31 Mar 2019**
Bank loans	-	-
Lease liability	-	-
	-	-

Note 7. Current liabilities - lease liabilities

	Consolidated	
	30 Sep 2019	**31 Mar 2019**
Lease liability	32,759	-

Note 8. Non-current liabilities - borrowings

	Consolidated	
	30 Sep 2019	31 Mar 2019
Convertible loans	1,116,973	-
	1,116,973	-

The convertible loan reflects an AUD 1m note with accrued interest, adjusted for the exchange rate movement between the AUD and NZD. Interest is recorded through profit and loss and the exchange rate movement is recorded through the foreign currency translation reserve.

Note 9. Non-current liabilities - lease liabilities

	Consolidated	
	30 Sep 2019	31 Mar 2019
Lease liability	-	-

Note 10. Equity - dividends

There was no dividend issued for the 6 month ended 30 September 2019.

Note 11. Related party transactions

a) Group

Up until November 2018, MyPay New Zealand Limited was a wholly owned subsidiary of IE Financial Services Limited, a group of companies that comprised:

Name of entity	Principal Activities	Country of incorporation
IE Financial Services Limited	Holding company	New Zealand
IE Money Limited	Currency exchange services	New Zealand
IE Finance Limited (formerly LJ Capital Management Limited)	Lending & financing	New Zealand
IE Property Lending Limited	Lending & financing	New Zealand
IE Technology Limited	Software development	New Zealand
IE Management Services (formerly NZ Germination International Trading Management Limited)	Management services for the Group	New Zealand

In December 2018 the MyPay New Zealand Limited, which was then a wholly owned subsidiary of IE Financial Services Limited, was sold to MIE Pay NZ Limited, a wholly owned New Zealand subsidiary of an Australian holding company, MIE Pay Limited ("MIE Pay"), with the intention that MIE Pay will list on the National Stock Exchange of Australia ("NSX"). IE Financial Services and its subsidiaries are related parties by virtue of common shareholders and management. The sale of the Company was completed on 21 December 2018. This was a transaction at shareholder level and therefore did not impact these financial statements.

b) Balance with related parties

The following balances are outstanding at the reporting date:

Related party receivables	**30 Sep 2019**	**30 Sep 2018**
IE Finance Limited (common shareholders)	70,483	1,330
IE Financial Services Limited (common shareholders)	23,686	22,029
IE Money Limited (common shareholders)	110,813	-
IE Management Services	-	11,138
	204,982	34,497

Related party payable	**30 Sep 2019**	**30 Sep 2018**
IE Financial Services Limited (common shareholders)	82,045	-
IE Money Limited (common shareholders)	29,791	245,304
IE Technology Limited (common shareholders)	54,144	18,000
	165,980	263,304

Under the Shared Services Agreement the parties are obliged to issue GST invoices for the amounts incurred by each company on behalf of other companies under the agreement. The issued invoices are payable by the recipient company on a 30-day cycle or as set out under the agreement.

c) Transactions with related parties

The following transactions occurred between the group and the following related parties during the periods:

Income	**30 Sep 2019**	**30 Sep 2018**
Intercompany recharge to IE Finance Limited	87,574	1,330
Intercompany recharge to IE Financial Services Limited	20,686	-
Intercompany recharge to IE Money Limited	144,068	-
Intercompany recharge to IE Management Services Limited	-	11,138
	252,328	12,468

Expenses	**30 Sep 2019**	**30 Sep 2018**
Settlement of expenses by IE Money Limited on behalf of MyPay Limited	46,599	182,099
Settlement of expenses by IE Technology Limited on behalf of MyPay Limited	134,303	-
Settlement of expenses by IE Financial Services Limited on behalf of MyPay Limited	155,225	31,183
Settlement of expenses by IE Finance Limited on behalf of MyPay Limited	7,305	-
	343,432	213,282

Note 12. Subsidiaries

Significant subsidiaries of the Group are those with the most significant contribution to the Group's net profit or net assets. The Group's interest in the subsidiaries results are listed in the table below.

Significant Subsidiaries	**Country of incorporation**	**Principal Activity**	**Group Interest**	
			30 Sep 2019	**31 Mar 2019**
MIE Pay NZ Limited	New Zealand	Finance	100%	100%
MyPay New Zealand Limited	New Zealand	Finance	100%	100%

Note 13. Contingent liabilities

There were no contingent liabilities reported for the half-yearly ended 30 September 2019.

Note 14. Events after the reporting period

MIE Pay Limited is in the process of listing with the National Stock Exchange Australia Limited (NSX) and a Prospectus was issued dated 12 December 2019 and a Replacement Prospectus dated 24 December 2019 was lodged with ASIC, with a Supplementary Prospectus issued on 21 February 2020. The share application offer for MIE Pay Limited shares was open for subscriptions until 24 April 2020 and share applications have been received that meet the Minimum Subscription condition of $3,300,000.

MIE Pay Limited has also received the pre-IPO funding of one million Australian dollars in October 2019 and November 2019.

The convertible loan agreement was amended on 15 November 2019. The key amendments are summarised below:

- The total loan amount has been amended to AUD1,110,000 (previously AUD1,000,000), including 12 months interest calculated at 11% per annum
- The convertible loan will be converted to 15,857,143 fully paid ordinary shares of MIE Pay Limited, subject to the following conditions:
  a) MIE Pay Limited receiving the conditional approval letter for admission to NSX; and
  b) The condition for admission including the minimum subscription condition under the public offer (Conversion Event) being satisfied.

- MIE Pay Limited has received Pre-IPO funds of $500,000 from the issue of 5,000,000 ordinary shares at $0.10 per share In October 2019 and a further $500,000 from the issue of 8,333,333 ordinary shares at $0.06 per share in November 2019.

There are current uncertainties in the economy related to the COVID-19 outbreak that emerged in early 2020. These uncertainties could impact the Group's operations and may create questions about the impairment or recoveries of certain assets. As the situation is still evolving, the full effect of the outbreak is still uncertain. It is however reasonably possible that COVID-19 will have an adverse impact on the Company/Group's revenues and results for the next reporting year, the extent of which will depend on how long the outbreak lasts. However, the results during the first quarter of 2020, for both merchant acquisition and revenue achieved, do not show any adverse impact to date, in comparison with actual results in the same period in the previous year.

Other than the above, no other matter or circumstance has arisen since 30 September 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

MIE Pay Limited
Directors' declaration
30 September 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Lei Zhang
Director

07 May 2020
Sydney

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MIE PAY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mie Pay Limited which comprises the statement of financial position as at 30 September 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of NZD 1,137,960 during the period end 30 September 2019 and, as of that date, the Company's total liabilities exceeded its total assets by NZD 309,147. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 14 of the financial report, which describe the potential effects on the business operations of COVID-19. Our conclusion is not modified in respect of this matter.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 September 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mie Pay Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mie Pay Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mie Pay Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the entity's financial position as at 30 September 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW

Dated: 7 May 2020