

1. Company details

Name of entity:	MIE Pay Limited
ABN:	57 629 754 874
Reporting period:	For the year ended 31 March 2020
Previous period:	For the year ended 31 March 2019

2. Results for announcement to the market

			NZ\$
Revenues from ordinary activities	up	40.9% to	343,759
Loss from ordinary activities after tax attributable to the owners of MIE Pay Limited	up	277.3% to	(2,663,047)
Loss for the year attributable to the owners of MIE Pay Limited	up	277.3% to	(2,663,047)
		31 March 2020 Cents	31 March 2019 Cents
Basic earnings per share		(1.01)	(0.32)
Diluted earnings per share		(1.01)	(0.32)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to NZ\$2,663,047 (31 March 2019: NZ\$705,889).

COVID-19 Impact

Although the potential impact of the COVID-19 pandemic was apparent, based on what was occurring elsewhere in the world, the consolidated entity's level of revenue throughout the first quarter of 2020, was 49% up on the same quarter in 2019. With the total lock-down and the more extreme restrictions in place throughout New Zealand during April 2020 there was a reduction in revenue in April 2020 compared to April 2019 of 25%. During this period many of our customers were forced to shut down their operations and could not trade. However, revenue over the two-month period, of March and April during the period of the lock-down, was 29% up overall on the same two months in 2019 and over the last three months revenue was 34% above the level of revenue in the same three months in 2019.

Despite there not being an overly significant impact on the consolidated entity, there remain uncertainties in the economy related to the COVID-19 outbreak and these uncertainties could further impact the consolidated entity's operations. 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 consolidated entity's future 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 a significant adverse impact to date, in comparison with actual results in the same period in the previous year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.52)</u>	<u>0.20</u>

4. Control gained over entities

During the year MIE Pay Limited gained control over MIE Pay NZ Limited, and MyPay New Zealand Limited. MyPay New Zealand Limited was 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.

Refer to Note 2 of the Preliminary Final Report for details.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited. Independent auditor's report will likely contain Material Uncertainty Related to Going Concern matter

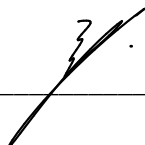
11. Attachments

Details of attachments (if any):

The Preliminary final report of MIE Pay Limited for the year ended 31 March 2020 is attached.

12. Signed

Signed _____



Lei Zhang
Director
Sydney

Date: 14 June 2020

MIE Pay Limited

ABN 57 629 754 874

Preliminary Final Report - 31 March 2020

Directors	Roger James Kerr - Non-Executive Chair Lei (Andy) Zhang - Managing Director Jack Zhong Yin - Non-Executive Director Chen Chik (Nicholas) Ong - Non-Executive Director Hing Chow (Tony) Leung - Non-Executive Director
Company secretary	Chen Chik (Nicholas) Ong Level 10 420 George Street Sydney NSW 2000
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067
Auditor	RSM Australia Partners
Stock exchange listing	MIE Pay Limited shares are listed on the National Stock Exchange of Australia (NSX code: MIE)

MIE Pay Limited
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For the year ended 31 March 2020



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MIE Pay Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020



		Consolidated	
	Note	31 March 2020 NZ\$	31 March 2019 NZ\$
Revenue	4	343,316	243,655
Interest revenue		443	388
Net foreign exchange gains		33,502	-
Expenses			
Commission expenses		(56,794)	(24,515)
Employees and consultants		(1,620,180)	(654,403)
Corporate overheads		(152,425)	(21,465)
Marketing and business development		(162,395)	(31,806)
Shared expenses from related parties		(239,326)	(183,304)
Depreciation and amortisation		(93,452)	(21,396)
IPO listing cost		(607,433)	-
Finance costs		(108,303)	-
Net foreign exchange losses		-	(4,372)
Loss before income tax expense		(2,663,047)	(697,218)
Income tax expense		-	(8,671)
Loss after income tax expense for the year attributable to the owners of MIE Pay Limited		(2,663,047)	(705,889)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of MIE Pay Limited		<u>(2,663,047)</u>	<u>(705,889)</u>
		Cents	Cents
Basic earnings per share	16	(1.01)	(0.32)
Diluted earnings per share	16	(1.01)	(0.32)

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

MIE Pay Limited
Statement of financial position
As at 31 March 2020



		Consolidated	
	Note	31 March 2020 NZ\$	31 March 2019 NZ\$
Assets			
Current assets			
Cash and cash equivalents	5	430,044	514,556
Trade and other receivables	6	602,797	706,265
Prepayments	7	87,739	6,171
Total current assets		<u>1,120,580</u>	<u>1,226,992</u>
Non-current assets			
Property, plant and equipment	8	63,417	13,852
Software development costs	9	532,400	305,574
Deferred tax		23,726	23,726
Total non-current assets		<u>619,543</u>	<u>343,152</u>
Total assets		<u>1,740,123</u>	<u>1,570,144</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,323,886	626,339
Income tax		8,671	8,671
Employee benefits	11	115,989	82,354
Total current liabilities		<u>1,448,546</u>	<u>717,364</u>
Non-current liabilities			
Convertible note	12	1,134,300	-
Bonds held on POS machine		7,350	3,250
Total non-current liabilities		<u>1,141,650</u>	<u>3,250</u>
Total liabilities		<u>2,590,196</u>	<u>720,614</u>
Net assets/(liabilities)		<u>(850,073)</u>	<u>849,530</u>
Equity			
Issued capital	13	2,008,932	1,045,488
Reserves		<u>(2,859,005)</u>	<u>(195,958)</u>
Total equity/(deficiency)		<u>(850,073)</u>	<u>849,530</u>

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

MIE Pay Limited
Statement of changes in equity
For the year ended 31 March 2020



Consolidated	Issued capital NZ\$	Reserves NZ\$	Total equity NZ\$
Balance at 1 April 2018	1	(89,692)	(89,691)
Loss after income tax expense for the year	-	(705,889)	(705,889)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(705,889)	(705,889)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	1,045,487	599,623	1,645,110
Balance at 31 March 2019	1,045,488	(195,958)	849,530
Consolidated	Issued capital NZ\$	Reserves NZ\$	Total deficiency in equity NZ\$
Balance at 1 April 2019	1,045,488	(195,958)	849,530
Loss after income tax expense for the year	-	(2,663,047)	(2,663,047)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,663,047)	(2,663,047)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	963,444	-	963,444
Balance at 31 March 2020	2,008,932	(2,859,005)	(850,073)

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

MIE Pay Limited
Statement of cash flows
For the year ended 31 March 2020



		Consolidated	
	Note	31 March 2020 NZ\$	31 March 2019 NZ\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		795,786	139,389
Payments to suppliers and employees (inclusive of GST)		<u>(2,706,312)</u>	<u>(815,560)</u>
		(1,910,526)	(676,171)
Interest received		<u>443</u>	<u>388</u>
Net cash used in operating activities		<u>(1,910,083)</u>	<u>(675,783)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	8	(65,170)	(13,852)
Payments for software development costs	9	<u>(304,673)</u>	<u>(305,574)</u>
Net cash used in investing activities		<u>(369,843)</u>	<u>(319,426)</u>
Cash flows from financing activities			
Proceeds from issue of shares	13	963,444	-
Proceeds from convertible note		1,134,300	-
Related party borrowings		<u>97,670</u>	<u>1,497,281</u>
Net cash from financing activities		<u>2,195,414</u>	<u>1,497,281</u>
Net increase/(decrease) in cash and cash equivalents		(84,512)	502,072
Cash and cash equivalents at the beginning of the financial year		<u>514,556</u>	<u>12,484</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>430,044</u></u>	<u><u>514,556</u></u>

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

Note 1. 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 year. 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 31 March 2020.

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

Registered office	Principal place of business
Level 10 420 George Street Sydney NSW 2000	Level 10 420 George Street Sydney NSW 2000

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 \$2,663,047 during the year ended 31 March 2020 and, as of that date, the company had a deficiency of net assets of \$850,073.

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 is expecting increasing revenue with additional interest in eCommerce business in the COVID-19 impacted economy, which benefits IE Mall and with lockdown conditions easing, increased transaction processing volumes are anticipated.
- With the listing on the NSX the directors have future potential capital raising opportunities that could be considered.
- Directors and management also have the ability to manage costs in line with actual future revenue generation and can take action to reduce expenditure if required.

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.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Significant accounting policies (continued)

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

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 April 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.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 April 2019 was nil as follows:

	1 April 2019 \$
Operating lease commitments as at 1 April 2019 (AASB 117)	47,973
Short term leases not recognised as a right-of-use asset	(47,973)
	<hr/>
Reduction on opening accumulated losses as at 1 April 2019	<hr/> <hr/> -

Practical expedients applied

In adopting AASB 16, the consolidated entity has used the following practical expedients permitted by the standard:

- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Interpretation 23 Uncertainty over Income Tax

The consolidated entity has adopted Interpretation 23 from 1 April 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 April 2019.

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').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Business combinations

MIE Pay Limited, MIE Pay NZ Limited, and MyPay New Zealand Limited was 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 AASB 3 Business Combination. AASB 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 MyPay New Zealand Limited (NZD 184,768).

MIE Pay Limited was incorporated on 1 November 2018. The first accounting period is presented as 12 months under the common control consolidation approach as it is a continuation of MyPay New Zealand Limited's operations.

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 31 March 2020 and the results of all subsidiaries for the 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, except otherwise stated. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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 company were undertaken as at 31 March 2020.

Note 2. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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 when the foreign operation or net investment is disposed of.

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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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 initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Property, plant and equipment

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:

Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

Note 2. Significant accounting policies (continued)

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

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.

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 remeasurement 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition except for those acquired in a common control transaction are measured at cost. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a diminishing-value basis over the period of their expected benefit, being their finite life of 2 years once its available for use.

Research costs are expensed in the period in which they are incurred. Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to commercialise the technology; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised software development costs are amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year 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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MIE Pay Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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 dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 March 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

COVID-19 Impact

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially uncertain for the consolidated entity up to 31 March 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and New Zealand Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. This financial report has not considered any potential future impacts as a result of COVID-19. While the consolidated entity is continuing to monitor the situation closely, we note the developments in the lead-up to the year end did not have a significant impact on estimates and key judgments.

Business combinations

As discussed in note 2, IFRS and AASB 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.

Note 4. Revenue

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Rendering of services	255,928	156,266
Share of cost recharge	87,388	87,389
Revenue	<u>343,316</u>	<u>243,655</u>

Note 4. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
<i>Major service lines</i>		
Services fees	255,928	156,266
Share of cost recharge	87,388	87,389
	<u>343,316</u>	<u>243,655</u>
<i>Geographical regions</i>		
New Zealand	<u>343,316</u>	<u>243,655</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	310,382	232,931
Services transferred over time	32,934	10,724
	<u>343,316</u>	<u>243,655</u>

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Cash at bank	<u>430,044</u>	<u>514,556</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Trade receivables	201,534	648,698
Other receivables	188	77
Receivable from relates parties	339,274	23,774
BAS receivable	61,801	33,716
	<u>602,797</u>	<u>706,265</u>

Allowance for expected credit losses

The consolidated entity has not recognised a credit loss as trade receivables are generally settled within the agreed payment terms

Note 7. Current assets - prepayments

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Prepayments	<u>87,739</u>	<u>6,171</u>

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Plant and equipment - at cost	80,486	15,316
Less: Accumulated depreciation	<u>(17,069)</u>	<u>(1,464)</u>
	<u>63,417</u>	<u>13,852</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment NZ\$	Total NZ\$
Balance at 1 April 2018	-	-
Additions	15,316	15,316
Depreciation expense	<u>(1,464)</u>	<u>(1,464)</u>
Balance at 31 March 2019	13,852	13,852
Additions	65,170	65,170
Depreciation expense	<u>(15,605)</u>	<u>(15,605)</u>
Balance at 31 March 2020	<u>63,417</u>	<u>63,417</u>

Note 9. Non-current assets - software development costs

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Software - at cost	721,784	417,111
Less: Accumulated amortisation	<u>(189,384)</u>	<u>(111,537)</u>
	<u>532,400</u>	<u>305,574</u>

Note 9. Non-current assets - software development costs (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software NZ\$	Software work in progress NZ\$	Total NZ\$
Balance at 1 April 2018	-	-	-
Additions	20,805	56,450	77,255
Additions through business combinations	137,835	110,416	248,251
Amortisation expense	(19,932)	-	(19,932)
Balance at 31 March 2019	138,708	166,866	305,574
Additions	84,563	220,110	304,673
Amortisation expense	(77,847)	-	(77,847)
Balance at 31 March 2020	<u>145,424</u>	<u>386,976</u>	<u>532,400</u>

Note 10. Current liabilities - trade and other payables

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Trade payables	516,889	384,471
Accrued expenses	200,672	220,716
Related party payables	517,373	-
BAS payable	83,984	20,323
Other payables	4,968	829
	<u>1,323,886</u>	<u>626,339</u>

Note 11. Current liabilities - employee benefits

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Annual leave	<u>115,989</u>	<u>82,354</u>

Note 12. Non-current liabilities - convertible note

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Convertible notes payable	<u>1,134,300</u>	<u>-</u>

On 11 April 2019, the consolidated entity entered into a convertible loan agreement pursuant to which it borrowed AU\$1 million. Interest is payable at the rate of 8% per annum or in the event of default, at 12% per annum. The repayment date is 18 May 2020. The principal sum and interest accrued from the drawdown date of 18 April 2019 for 12 months may be converted to Shares at the lender's election on 1 May 2020. If the lender does not elect to convert, the borrower must repay the principal sum and interest accrued from the drawdown date for 13 months and capitalised on the repayment date.

On 15 November 2019, the Company entered into an amendment deed pursuant to which it was agreed that a total amount of \$1,110,000 (including 12 months interest calculated at 11% per annum) will be automatically converted into 15,857,143 Shares at a conversion price of \$0.07 upon the Company receiving conditional approval from the NSX for admission to the NSX and is able to satisfy the conditions for admission including the minimum subscription condition under the Public Offer. The Convertible Loan Agreement and Amendment Deed are governed by the law of the State of New South Wales.

Note 13. Equity - issued capital

	Consolidated			
	31 March 2020 Shares	31 March 2019 Shares	31 March 2020 NZ\$	31 March 2019 NZ\$
Ordinary shares - fully paid	<u>271,000,000</u>	<u>257,666,667</u>	<u>2,008,932</u>	<u>1,045,488</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 15. Events after the reporting period

NSX Listing and capital raise

On 21 May 2020 the consolidated entity completed its IPO, successfully raised A\$3.3 million and was also admitted to the official list on the NSX. Trading on the consolidated entities securities commenced on 25 May 2020.

COVID-19 impact

Although the potential impact of the COVID-19 pandemic was apparent, based on what was occurring elsewhere in the world, the consolidated entity's level of revenue throughout the first quarter of 2020, was 49% up on the same quarter in 2019. With the total lock-down and the more extreme restrictions in place throughout New Zealand during April 2020 there was a reduction in revenue in April 2020 compared to April 2019 of 25%. During this period many of our customers were forced to shut down their operations and could not trade. However, revenue over the two-month period, of March and April during the period of the lock-down, was 29% up overall on the same two months in 2019 and over the last three months revenue was 34% above the level of revenue in the same three months in 2019.

Despite there not being an overly significant impact on the consolidated entity, there remain uncertainties in the economy related to the COVID-19 outbreak and these uncertainties could further impact the consolidated entity's operations. 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 consolidated entity's future 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 a significant adverse impact to date, in comparison with actual results in the same period in the previous year.

No other matter or circumstance has arisen since 31 March 2020 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.

Note 16. Earnings per share

	Consolidated	
	31 March 2020 NZ\$	31 March 2019 NZ\$
Loss after income tax attributable to the owners of MIE Pay Limited	<u>(2,663,047)</u>	<u>(705,889)</u>
	Cents	Cents
Basic earnings per share	(1.01)	(0.32)
Diluted earnings per share	(1.01)	(0.32)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>262,808,219</u>	<u>224,022,831</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>262,808,219</u>	<u>224,022,831</u>