

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 31 March 2020

	2020	2019	2020	2019
	CURRENT Qtr ended 31-Mar (RM '000)	Comparative Qtr ended 31-Mar (RM '000)	3 Months Cumulative to-date (RM '000)	3 Months Cumulative to-date (RM '000)
Revenue	45,899	32,375	45,899	32,375
Operating expenses	-43,559	-35,059	-43,559	-35,059
Depreciation	-1,013	-1,075	-1,013	-1,075
Other operating income	136	28	136	28
Profit/(loss) from operations	1,463	-3,731	1,463	-3,731
Finance costs	-99	-250	-99	-250
Finance income	530	227	530	227
Share of results of associated company	0	-7	0	-7
Profit/(loss) before tax	1,894	-3,761	1,894	-3,761
Taxation and Zakat	-41	-35	-41	-35
Profit/(loss) after tax	1,853	-3,796	1,853	-3,796
Other Comprehensive gain/(loss)	0	0	0	0
Total Comprehensive (loss)/profit	1,853	-3,796	1,853	-3,796
Profit/(loss) attributable to:				
- Equity holders of the Company	1,789	-3,849	1,789	-3,849
- Non-controlling interest	64	53	64	53
	1,853	-3,796	1,853	-3,796
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period				
Profit/(loss) Per Share - Basic	2.96	-6.37	2.96	-6.37

Remarks

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2019)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Financial Position
As at 31 March 2020

	<u>As at 31.03.2020</u> (RM '000)	<u>As at 31.12.2019</u> (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	39,768	40,242
Intangible assets	836	979
Finance lease receivable	3,047	3,456
Trade and other receivables	1,476	2,881
Deferred tax assets	1,879	1,879
	<hr/> 47,006	<hr/> 49,437
Current assets		
Inventories	15,684	9,577
Receivables	32,209	50,587
Contract assets	37,532	29,598
Tax recoverable	46	7
Cash and cash equivalents	35,165	152,591
	<hr/> 120,636	<hr/> 242,360
TOTAL ASSETS	<hr/> 167,642	<hr/> 291,797
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	64,528	64,528
Reserves	51,359	49,570
	<hr/> 115,887	<hr/> 114,098
Non-controlling interest	7,292	7,228
Total equity	<hr/> 123,179	<hr/> 121,326
Non-current liabilities		
Other deferred liabilities	2,539	2,850
Bank term loan	1,485	1,568
	<hr/> 4,024	<hr/> 4,418

Current liabilities		
Trade and other payables	20,911	143,919
Contract liabilities	17,200	19,601
Short term borrowing	1,828	2,030
Bank term loan	330	330
Taxation	170	173
	<hr/>	<hr/>
	40,439	166,053
Total liabilities	44,463	170,471
TOTAL EQUITY AND LIABILITIES	<hr/> <hr/>	<hr/> <hr/>
	167,642	291,797
Net asset per share attributable to ordinary equity holders of the parent(RM)	1.92	1.89

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2019)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Cash Flow
For the first quarter ended 31 March 2020

	<u>2020</u> 3 months ended 31-Mar (RM '000)	<u>2019</u> 3 months ended 31-Mar (RM '000)
Cash Flows From Operating Activities		
Net profit/(loss) attributable to shareholders	1,853	(3,796)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,013	1,075
Taxation	41	35
Share of results of associates	-	7
Interest expense	99	250
Interest income	(530)	(227)
Unrealised foreign exchange Gain	-	-
	<u>2,476</u>	<u>(2,656)</u>
Changes in working capital:		
Inventories	(4,407)	(845)
Receivables	10,558	15,837
Payables	<u>(126,633)</u>	<u>(15,197)</u>
Net cash generated from operations	(118,006)	(2,861)
Interest paid	(99)	(250)
Net taxation (paid)/refunded	<u>(83)</u>	<u>(98)</u>
Net cash (used)/generated from operating activities	<u><u>(118,188)</u></u>	<u><u>(3,209)</u></u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(396)	(567)
Interest received	<u>530</u>	<u>227</u>
	<u><u>134</u></u>	<u><u>(340)</u></u>

Cash Flows From Financing Activities

Repayment of finance lease	913	(153)
Repayment of term loan	(83)	(83)
Net drawdown of short term borrowing	<u>(202)</u>	<u>(225)</u>
	<u>628</u>	<u>(461)</u>
Net (decrease)/increase in cash and cash equivalents	(117,426)	(4,010)
Cash and cash equivalents b/f	<u>152,591</u>	<u>36,209</u>
Cash and cash equivalents c/f	<u>35,165</u>	<u>32,199</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2019)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Changes in Equity
For the first quarter ended 31 March 2020

	<u>Share Capital</u> (RM '000)	<u>Share Premium</u> (RM '000)	<u>Retirement benefit reserves</u>	<u>Retained Earnings</u> (RM '000)	<u>Total</u> (RM '000)	<u>Non- controlling Interest</u> (RM '000)	<u>Total</u> (RM '000)
<u>3 months quarter ended 31 March 2020</u>							
Balance at beginning of year	64,528	-	667	48,903	114,098	7,228	121,326
Total comprehensive income for the period	-	-	-	1,789	1,789	64	1,853
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>667</u>	<u>50,692</u>	<u>115,887</u>	<u>7,292</u>	<u>123,179</u>
<u>3 months quarter ended 31 March 2019</u>							
Balance at beginning of year	64,528	-	592	49,784	114,904	7,805	122,709
Total comprehensive income for the period	-	-	-	(3,849)	(3,849)	53	(3,796)
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>592</u>	<u>45,935</u>	<u>111,055</u>	<u>7,858</u>	<u>118,913</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2019)

MESINIAGA BERHAD

Registration number: 198101013112 (79244V)

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2020

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT – FINANCIAL REPORTING STANDARD

A1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited quarterly financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2019. The audited financial statements of the Group for the year ended 31 December 2019 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following Amendments to MFRS during the current financial period:

Effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 “Business Combinations – Definition of a Business”
- Amendments to MFRS 101 “Presentation of Financial Statements” and MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material”
- Amendment to MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets”
- Amendment to MFRS 138 “Intangible Assets”
- Amendment to IC Interpretation 22 “Foreign Currency Transactions and Advances Consideration”

Based on the work performed to date, the Company does not currently expect the impact of these changes to be significant.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group’s Annual Financial Statements for the year ended 31 December 2019 was not subject to any qualification.

- A3. SEASONALITY OR CYCLICALITY OPERATIONS
The Group's operations are not significantly affected by any seasonal or cyclical factors.
- A4. UNUSUAL ITEMS
There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.
- A5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES
There were no changes in accounting estimates of amounts reported in prior interim periods or the current financial year or changes in estimates of amounts reported in prior financial years.
- A6. ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES
There were no issuance and repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter under review.
- A7. DIVIDEND PAID
No dividend has been paid for the current quarter.
- A8. SEGMENTAL REPORTING
Segmental information is not presented as the Group is primarily engaged in the sale of information technology products and related services in Malaysia.
- A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT
The values of property, plant and equipment have been brought forward without amendment from previous annual financial statements.
- A10. SUBSEQUENT MATERIAL EVENTS
There were no subsequent material events as at the date of this report that will affect the financial results of the current quarter under review.
- A11. CHANGES IN THE COMPOSITION OF THE GROUP
There were no significant changes in composition of the Group during the interim period, including business combination, acquisition of disposal of subsidiaries and long-term investment, restructurings or discontinued operations.
- A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

B. BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF THE PERFORMANCE

The Group recorded revenue of RM45.9 million for the first quarter ended 2020 which is 42% higher than the comparative period in 2019 of RM32.4 million. A profit before tax of RM1.9 million was recorded in the first quarter of 2020, compared to a loss before tax of RM3.8 million in the same period of 2019.

The increase in profit compared to same period last year is primarily due to higher revenue contribution from the public sector.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

For the quarter ended 31 March 2020, the Group recorded a revenue of RM 45.9 million which is 78% lower than the preceding quarter of RM212.4 million. The Group recorded a profit before tax of RM1.9 million in the current quarter compared to a profit before tax of RM13.8 million in the preceding quarter.

The turnkey project at Jabatan Akauntan Negara that we won last year formed a significant portion of the revenue and profit during the preceding quarter. The Group has often recorded a disproportionately higher amount of its sales in the 4th quarter due to customers clearing their budgeted spending before the new financial year.

B3. PROSPECTS

We expect the impact of Covid-19 and the MCO on the business environment to be profound. It is however not possible to predict the impact on our business performance for the year with any degree of certainty. Bank Negara Malaysia has forecasted the GDP growth to be between 0.5% and -2.5% for the year 2020. In light of this, the Group has taken actions to identify and pursue emerging opportunities, and increase focus on operating expense and cashflow management.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

Not applicable as there were no profits forecast and profit guarantee published.

B5. TAXATION

Income tax expenses

	Quarter Ended 31.03.2020 RM'000	3 months Cumulative to 31.03.2020 RM'000
<u>Major components of tax expenses:</u>		
Current year tax	41	41
Deferred tax	0	0
Tax expense	41	41
Zakat	0	0
	41	41

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences.

B6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and properties for the current quarter and financial year to date.

B7. PARTICULARS OF PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities for the current quarter and financial year to date.

B8. THE STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed at the latest practicable date.

B9. BORROWINGS AND DEBT SECURITIES

Details of the Company's borrowings as at 31 March 2020 are as follows:

	As at 31.03.2020 RM '000
Short term borrowings	
<i>Unsecured</i>	
Loan denominated in USD	1,828
Short term borrowings in RM	0
	1,828
Term loan in RM	
<i>Secured</i>	330
	2,158
Long term loan	
<i>Secured</i>	
Term loan in RM	1,485
	3,643

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. MATERIAL LITIGATION

As announced on 3 March 2017, Amanah Raya Berhad filed a claim of RM8.2 million against the Company disputing the obligations of a contract that was awarded to the Company in 2014.

Subsequent to the receipt of the Writ of Summons and Statement of Claim, the Company had on 17 April 2017 filed its defence against the claim and submitted a counterclaim for the damages of RM18.7 million for unlawful termination and/or repudiation of the agreement between the parties under the law.

B12. PROPOSED DIVIDEND

There was no dividend proposed for the financial period under review.

B13. EARNINGS PER SHARE

	Quarter Ended 31.03.2020	3 months Cumulative 31.03.2020
Basic and Diluted Earnings		
	RM'000	RM'000
Loss attributable to the equity holders of the Company	1,789	1,789
Weighted average number of ordinary shares in issue	60,402	60,402
Basic loss earnings per share (sen)	2.96	2.96

B14. RELATED PARTY TRANSACTIONS

Listed below are the significant related party transactions. The related party transactions were carried out on the same terms and conditions in transactions with unrelated parties.

The significant related party transactions are as follows:

	Quarter Ended 31.03.2020 RM'000	3 months Cumulative 31.03.2020 RM'000
<u>Related party</u>		
Subsidiary companies		
- Purchase of goods	25	25
- Purchase of services	6,170	6,170
- Sales of goods	0	0
- Sales of services	72	72

B15. CAPITAL COMMITMENT

Capital commitments for the Group in respect of property, plant and equipment not provided for as of 31 March 2020 are as follows:

	RM'000
Approved and not contracted for	NIL
Approved and contracted for	NIL

B16. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		3 months Cumulative	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit/(loss) for the period is arrived at after charging:				
Interest expense	99	250	99	250
Depreciation	1,013	1,075	1,013	1,075
Foreign exchange gain/(loss)	110	7	110	7
and after crediting:				
Interest income	530	227	530	227

By Order of the Board

Jasni Abdul Jalil (MACS 01359)

Company Secretary

29 May 2020