

**Mesiniaga Berhad**  
**Registration number: 198101013112 (79244V)**  
**(Incorporated in Malaysia)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the second quarter ended 30 June 2020**

	2020	2019	2020	2019
	CURRENT Qtr ended 30-Jun (RM '000)	Comparative Qtr ended 30-Jun (RM '000)	6 Months Cumulative to-date (RM '000)	6 Months Cumulative to-date (RM '000)
Revenue	41,834	31,099	87,733	63,474
Operating expenses	-43,843	-35,291	-87,401	-70,350
Depreciation	-1,017	-987	-2,030	-2,062
Other operating income	144	40	279	68
Profit/(loss) from operations	-2,882	-5,139	-1,419	-8,870
Finance costs	-75	-196	-174	-446
Finance income	147	197	677	424
Share of results of associated company	0	-32	0	-39
Profit/(loss) before tax	-2,810	-5,170	-916	-8,931
Taxation and Zakat	-46	-53	-87	-88
Profit/(loss) after tax	-2,856	-5,223	-1,003	-9,019
Other Comprehensive gain/(loss)	0	0	0	0
Total Comprehensive profit/(loss)	-2,856	-5,223	-1,003	-9,019
Profit/(loss) attributable to:				
- Equity holders of the Company	-2,922	-5,320	-1,133	-9,169
- Non-controlling interest	66	97	130	150
	-2,856	-5,223	-1,003	-9,019
Total comprehensive income/(loss) for the financial year attributable to:				
- Equity holders of the Company	-2,922	-5,320	-1,133	-9,169
- Non-controlling interest	66	97	130	150
	-2,856	-5,223	-1,003	-9,019
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period				
Profit/(loss) Per Share - Basic	-4.84	-8.81	-1.88	-15.18

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 30 June 2020**

	<u>As at 30.06.2020</u> (RM '000)	<u>As at 31.12.2019</u> (RM '000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,182	40,242
Intangible assets	711	979
Finance lease receivable	2,310	3,456
Trade and other receivables	1,309	2,881
Deferred tax assets	1,879	1,879
	<hr/> 45,391	<hr/> 49,437
<b>Current assets</b>		
Inventories	11,200	9,577
Receivables	46,090	50,587
Contract assets	49,001	29,598
Tax recoverable	78	7
Cash and cash equivalents	26,269	152,591
	<hr/> 132,638	<hr/> 242,360
<b>TOTAL ASSETS</b>	<hr/> <b>178,029</b>	<hr/> <b>291,797</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the equity holders of the parent</b>		
Share capital	64,528	64,528
Reserves	48,437	49,570
	<hr/> 112,965	<hr/> 114,098
Non-controlling interest	7,358	7,228
<b>Total equity</b>	<hr/> <b>120,323</b>	<hr/> <b>121,326</b>

**Non-current liabilities**

Other deferred liabilities	2,338	2,850
Bank term loan	1,403	1,568
	<u>3,741</u>	<u>4,418</u>

**Current liabilities**

Trade and other payables	34,552	143,919
Contract liabilities	16,787	19,601
Short term borrowing	2,126	2,030
Bank term loan	330	330
Taxation	170	173
	<u>53,965</u>	<u>166,053</u>

**Total liabilities** 57,706 170,471

**TOTAL EQUITY AND LIABILITIES** 178,029 291,797

Net asset per share attributable to ordinary equity holders of the parent(RM) 1.87 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 second quarter ended 30 June 2020**

	<b><u>2020</u></b> <b>6 months</b> <b>ended</b> <b>30-Jun</b> <b>(RM '000)</b>	<b><u>2019</u></b> <b>6 months ended</b> <b>30-Jun</b> <b>(RM '000)</b>
<b>Cash Flows From Operating Activities</b>		
Net profit/(loss) attributable to shareholders	(1,003)	(9,019)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,030	2,062
Taxation	87	88
Share of results of associates	-	39
Interest expense	174	446
Interest income	(677)	(424)
Unrealised foreign exchange Gain	-	-
	<u>611</u>	<u>(6,808)</u>
<b>Changes in working capital:</b>		
Inventories	(1,623)	(2,267)
Receivables	(12,188)	25,167
Payables	<u>(112,181)</u>	<u>(15,153)</u>
Net cash generated from operations	(125,381)	939
Interest paid	(174)	(446)
Net taxation (paid)/refunded	<u>(161)</u>	<u>(123)</u>
<b>Net cash (used)/generated from operating activities</b>	<b><u><u>(125,716)</u></u></b>	<b><u><u>370</u></u></b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(702)	(567)
Interest received	<u>677</u>	<u>424</u>
	<u><u>(25)</u></u>	<u><u>(143)</u></u>
<b>Cash Flows From Financing Activities</b>		
Repayment of finance lease	(512)	(203)
Repayment of term loan	(165)	(9,342)
Net drawdown of short term borrowing	<u>96</u>	<u>-</u>
	<u><u>(581)</u></u>	<u><u>(9,545)</u></u>

Net (decrease)/increase in cash and cash equivalents	(126,322)	(9,318)
<b>Cash and cash equivalents b/f</b>	152,591	36,209
	<hr/>	<hr/>
<b>Cash and cash equivalents c/f</b>	<u>26,269</u>	<u>26,891</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 second quarter ended 30 June 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>6 months quarter ended 30 June 2020</u>							
Balance at beginning of year	64,528	-	667	48,903	114,098	7,228	121,326
Total comprehensive income for the period	-	-	-	(1,133)	(1,133)	130	(1,003)
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>667</u>	<u>47,770</u>	<u>112,965</u>	<u>7,358</u>	<u>120,323</u>
<u>6 months quarter ended 30 June 2019</u>							
Balance at beginning of year	64,528	-	592	49,784	114,904	7,805	122,709
Total comprehensive income for the period	-	-	-	(9,169)	(9,169)	150	(9,019)
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>592</u>	<u>40,615</u>	<u>105,735</u>	<u>7,955</u>	<u>113,690</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  
SECOND QUARTER ENDED 30 JUNE 2020**

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**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 RM87.7 million for the first half ended of 2020 which is 38% higher than the comparative period in 2019 of RM63.5 million. A loss before tax of RM0.9 million was recorded in the first half of 2020, compared to a loss before tax of RM8.9 million in the same period of 2019.

The lower loss 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 30 June 2020, the Group recorded a revenue of RM41.8 million which is 9% lower than the preceding quarter of RM45.9 million. The Group recorded a loss before tax of RM2.8 million in the current quarter compared to a profit before tax of RM1.9 million in the preceding quarter.

The reduction in revenue is due to delay in certain projects. In addition, the Group also delivered a lower number of service-based projects. These resulted in a loss of RM2.8 million in the current quarter.

### **B3. PROSPECTS**

We expect the impact of Covid-19 and the MCO (Movement Control Order) 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 revised the forecasted GDP for 2020 from 0.5% and -2.5% to be between -3.5 and -5.5%.

The Group has identified and is pursuing several business opportunities arising from Covid-19 pandemic. With WFH (Work From Home) being the new norm, the Group is also embarking into several cost rationalisation initiatives

### **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 30.06.2020 RM'000	6 months Cumulative to 30.06.2020 RM'000
<b>Major components of tax expenses:</b>		
Current year tax	46	87
Deferred tax	0	0
Tax expense	46	87
Zakat	0	0
	46	87

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 30 June 2020 are as follows:

	As at 30.06.2020 RM '000
<b>Short term borrowings</b>	
<i>Unsecured</i>	
Loan denominated in USD	0
Short term borrowings in RM	2,126
	2,126
<b>Term loan in RM</b>	
<i>Secured</i>	330
	2,456
<b>Long term loan</b>	
<i>Secured</i>	
Term loan in RM	1,403
	3,859

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 had on 27 February 2017 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 service of the Writ of Summons and Statement of Claim, the Company had on 17 April 2017 filed its defence and counterclaim for damages of RM18.7 million for unlawful termination and/or repudiation of the agreement between the parties under the law.

The next date for continued hearing is scheduled for 23<sup>rd</sup> to 26th November 2020.

B12. PROPOSED DIVIDEND

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

B13. EARNINGS PER SHARE

	Quarter Ended 30.06.2020	6 months Cumulative 30.06.2020
<b>Basic and Diluted Earnings</b>		
	RM'000	RM'000
Profit/(Loss) attributable to the equity holders of the Company	(2,922)	(1,133)
Weighted average number of ordinary shares in issue	60,402	60,402
Basic profit/(loss) earnings per share (sen)	(4.84)	(1.88)

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 30.06.2020 RM'000	6 months Cumulative 30.06.2020 RM'000
<b><u>Related party</u></b>		
Subsidiary companies		
- Purchase of goods	1	26
- Purchase of services	6,017	12,187
- Sales of goods	0	0
- Sales of services	72	144

B15. CAPITAL COMMITMENT

Capital commitments for the Group in respect of property, plant and equipment not provided for as of 30 June 2020 are as follows:

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

B16. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		6 months Cumulative	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
<b>Profit/(loss) for the period is arrived at after charging:</b>				
Interest expense	75	196	174	446
Depreciation	1,017	987	2,030	2,062
Foreign exchange gain/(loss)	158	(43)	268	19
<b>and after crediting:</b>				
Interest income	147	197	677	424

By Order of the Board

Jasni Abdul Jalil (MACS 01359)  
Company Secretary  
18 August 2020