

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

	2020	2019	2020	2019
	CURRENT	Comparative	9 Months	9 Months
	Qtr ended 30-Sep (RM '000)	Qtr ended 30-Sep (RM '000)	Cumulative to-date (RM '000)	Cumulative to-date (RM '000)
Revenue	51,452	37,555	139,185	101,029
Operating expenses	-54,915	-39,214	-142,316	-109,564
Depreciation	-921	-1,012	-2,951	-3,074
Other operating income	235	34	514	102
Profit/(loss) from operations	-4,149	-2,637	-5,568	-11,507
Finance costs	-147	-203	-321	-649
Finance income	108	105	785	529
Share of results of associated company	0	0	0	-39
Profit/(loss) before tax	-4,188	-2,735	-5,104	-11,666
Taxation and Zakat	-48	-132	-135	-220
Profit/(loss) after tax	-4,236	-2,867	-5,239	-11,886
Other Comprehensive gain/(loss)	0	0	0	0
Total Comprehensive (loss)/profit	-4,236	-2,867	-5,239	-11,886
Profit/(loss) attributable to:				
- Equity holders of the Company	-4,314	-3,059	-5,447	-12,228
- Non-controlling interest	78	192	208	342
	-4,236	-2,867	-5,239	-11,886
Total comprehensive (loss)/income for the financial year attributable to:				
- Equity holders of the Company	-4,314	-3,059	-5,447	-12,228
- Non-controlling interest	78	192	208	342
	-4,236	-2,867	-5,239	-11,886
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period				
Profit/(loss) Per Share - Basic	-7.14	-5.06	-9.02	-20.24

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 Cash Flow**  
**For the third quarter ended 30 September 2020**

	<u>2020</u> 9 months ended 30-Sep (RM '000)	<u>2019</u> 9 months ended 30-Sep (RM '000)
<b>Cash Flows From Operating Activities</b>		
Net profit/(loss) attributable to shareholders	(5,239)	(11,886)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,951	3,074
Property, plant and equipment write off	2	
Taxation	135	220
Share of results of associates	-	39
Interest expense	321	649
Interest income	(785)	(529)
Gain on sales of property, plant and equipment	(4)	-
Allowance for doubtful debts	100	-
Unrealised foreign exchange Gain	(267)	-
	<u>(2,786)</u>	<u>(8,433)</u>
<b>Changes in working capital:</b>		
Inventories	(680)	(2,141)
Receivables	(8,382)	25,905
Payables	<u>(126,602)</u>	<u>(23,087)</u>
Net cash generated from operations	(138,450)	(7,756)
Interest paid	(321)	(649)
Net taxation (paid)/refunded	<u>(240)</u>	<u>(423)</u>
<b>Net cash (used)/generated from operating activities</b>	<u><u>(139,011)</u></u>	<u><u>(8,828)</u></u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(789)	(1,373)
Proceeds from disposal of property, plant and equipment	4	-
Interest received	<u>785</u>	<u>529</u>
	<u>-</u>	<u>(844)</u>

**Cash Flows From Financing Activities**

Repayment of finance lease	278	(400)
Repayment of term loan	(248)	-
Net drawdown of short term borrowing	<u>11,252</u>	<u>(3,869)</u>
	<u>11,282</u>	<u>(4,269)</u>
Net (decrease)/increase in cash and cash equivalents	(127,729)	(13,941)
<b>Cash and cash equivalents b/f</b>	<u>152,591</u>	<u>36,209</u>
<b>Cash and cash equivalents c/f</b>	<u>24,862</u>	<u>22,268</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 third quarter ended 30 September 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>9 months quarter ended 30 September 2020</u>							
Balance at beginning of year	64,528	-	667	48,903	114,098	7,228	121,326
Total comprehensive income for the period	-	-	-	(5,447)	(5,447)	208	(5,239)
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>667</u>	<u>43,456</u>	<u>108,651</u>	<u>7,436</u>	<u>116,087</u>
<u>9 months quarter ended 30 September 2019</u>							
Balance at beginning of year	64,528	-	592	49,784	114,904	7,805	122,709
Total comprehensive income for the period	-	-	-	(12,228)	(12,228)	342	(11,886)
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	<u>64,528</u>	<u>-</u>	<u>592</u>	<u>37,556</u>	<u>102,676</u>	<u>8,147</u>	<u>110,823</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 RM139.2 million for the first nine months of 2020 which is 38% higher than the comparative period in 2019 of RM101.0 million. A loss before tax of RM5.1 million was recorded in the first nine months of 2020, compared to a loss before tax of RM11.7 million in the same period of 2019.

The lower loss compared to the 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 September 2020, the Group recorded a revenue of RM51.5 million which is 23.2% higher than the preceding quarter of RM41.8 million. Despite the increase in revenue, the Group recorded a loss before tax of RM4.2 million in the current quarter compared to a loss before tax of RM2.8 million in the preceding quarter. This was mainly due to the revenue mix which has lower gross margin.

### B3. PROSPECTS

The MCO (Movement Control Order) due to the Covid-19 pandemic has affected the decisions and procurements processes of a number of our projects. We expect our 2020 financial results to be impacted.

### 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 30.09.2020 RM'000	9 months Cumulative to 30.09.2020 RM'000
<b><u>Major components of tax expenses:</u></b>		
Current year tax	48	135
Deferred tax	0	0
Tax expense	48	135
Zakat	0	0
	48	135

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 September 2020 are as follows:

	As at 30.09.2020 RM '000
<b>Short term borrowings</b>	
<i>Unsecured</i>	
Loan denominated in USD	1,698
Short term borrowings in RM	11,584
	13,282
Term loan in RM	
<i>Secured</i>	330
	13,612
<b>Long term loan</b>	
<i>Secured</i>	
Term loan in RM	1,320
	14,932

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 23rd to 26th November 2020.

B12. PROPOSED DIVIDEND

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

B13. EARNINGS PER SHARE

	Quarter Ended 30.09.2020	9 months Cumulative 30.09.2020
<b>Basic and Diluted Earnings</b>		
	RM'000	RM'000
Profit/(Loss) attributable to the equity holders of the Company	(4,314)	(5,447)
Weighted average number of ordinary shares in issue	60,402	60,402
Basic profit/(loss) earnings per share (sen)	<u>(7.14)</u>	<u>(9.02)</u>

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 30.09.2020 RM'000	9 months Cumulative 30.09.2020 RM'000
<b><u>Related party</u></b>		
Subsidiary companies		
- Purchase of goods	0	27
- Purchase of services	7,291	19,478
- Sales of goods	0	0
- Sales of services	72	216

B15. CAPITAL COMMITMENT

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

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

B16. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		9 months Cumulative	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<b>Profit/(loss) for the period is arrived at after charging:</b>				
Interest expense	147	203	321	649
Depreciation	921	1,012	2,951	3,074
Foreign exchange gain/(loss)	432	268	700	287
<b>and after crediting:</b>				
Interest income	108	105	785	529

By Order of the Board

Jasni Abdul Jalil (MACS 01359)  
Company Secretary  
20 November 2020