

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive
Income
For the first quarter ended 31 March 2021

	2021	2020	2021	2020
	CURRENT	Comparative	3 Months	3 Months
	Qtr ended	Qtr ended	Cumulative	Cumulative
	31-Mar	31-Mar	to-date	to-date
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	49,203	45,899	49,203	45,899
Operating expenses	-48,591	-43,559	-48,591	-43,559
Depreciation	-562	-1,013	-562	-1,013
Other operating income	250	136	250	136
Profit/(loss) from operations	300	1,463	300	1,463
Finance costs	-72	-99	-72	-99
Finance income	132	530	132	530
Share of results of associated company	0	0	0	0
Profit/(loss) before tax	360	1,894	360	1,894
Taxation and Zakat	-28	-41	-28	-41
Profit/(loss) after tax	332	1,853	332	1,853
Other Comprehensive gain/(loss)	0	0	0	0
Total Comprehensive (loss)/profit	<u>332</u>	<u>1,853</u>	<u>332</u>	<u>1,853</u>
Profit/(loss) attributable to:				
- Equity holders of the Company	283	1,789	283	1,789
- Non-controlling interest	49	64	49	64
	<u>332</u>	<u>1,853</u>	<u>332</u>	<u>1,853</u>
Total comprehensive (loss)/income for the financial year attributable to:				
- Equity holders of the Company	283	1,789	283	1,789
- Non-controlling interest	49	64	49	64
	<u>332</u>	<u>1,853</u>	<u>332</u>	<u>1,853</u>
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period				
Profit/(loss) Per Share - Basic	<u>0.47</u>	<u>2.96</u>	<u>0.47</u>	<u>2.96</u>

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 2020)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Financial Position
As at 31 March 2021

	<u>As at 31.03.2021</u> (RM '000)	Audited <u>As at 31.12.2020</u> (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	37,533	37,923
Intangible assets	-	-
Finance lease receivable	2,113	2,389
Trade and other receivables	4,182	3,791
Contract assets	4,408	2,703
Deferred tax assets	1,867	1,867
	<hr/> 50,103	<hr/> 48,673
Current assets		
Inventories	8,666	9,245
Receivables	37,886	40,509
Contract assets	37,172	31,623
Tax recoverable	206	164
Cash and cash equivalents	31,195	51,742
	<hr/> 115,125	<hr/> 133,283
TOTAL ASSETS	<hr/> 165,228	<hr/> 181,956
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	64,528	64,528
Reserves	39,466	39,183
	<hr/> 103,994	<hr/> 103,711
Non-controlling interest	7,134	7,085
Total equity	<hr/> 111,128	<hr/> 110,796
Non-current liabilities		
Other deferred liabilities	3,077	3,334
Bank term loan	1,155	1,238
	<hr/> 4,232	<hr/> 4,572
Current liabilities		
Trade and other payables	39,661	48,437
Contract liabilities	6,640	13,001
Short term borrowing	3,237	4,820
Bank term loan	330	330
Taxation	-	-
	<hr/> 49,868	<hr/> 66,588
Total liabilities	<hr/> 54,100	<hr/> 71,160
TOTAL EQUITY AND LIABILITIES	<hr/> 165,228	<hr/> 181,956
Net asset per share attributable to ordinary equity holders of the parent(RM)	1.7217	1.7170

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2020)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Cash Flow
For the first quarter ended 31 March 2021

	<u>2021</u> 3 months ended 31-Mar (RM '000)	<u>2020</u> 3 months ended 31-Mar (RM '000)
Cash Flows From Operating Activities		
Net profit/(loss) attributable to shareholders	332	1,853
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	562	1,013
Property, plant and equipment write off	-	-
Taxation	28	41
Share of results of associates	-	-
Interest expense	72	99
Interest income	(132)	(530)
Write down of inventory	-	-
	<u>862</u>	<u>2,476</u>
Changes in working capital:		
Inventories	579	(4,407)
Receivables	(4,746)	10,558
Payables	<u>(15,137)</u>	<u>(126,633)</u>
Net cash generated from operations	(18,442)	(118,006)
Net taxation (paid)/refunded	(70)	(83)
Zakat	-	-
Net cash (used)/generated from operating activities	<u><u>(18,512)</u></u>	<u><u>(118,089)</u></u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(172)	(396)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	<u>132</u>	<u>530</u>
	<u><u>(40)</u></u>	<u><u>134</u></u>
Cash Flows From Financing Activities		
Dividends paid to NCI	-	-
Interest paid on borrowings	(72)	(99)
Repayment of finance lease	(257)	913
Repayment of term loan	(83)	(83)
Net drawdown of short term borrowing	<u>(1,583)</u>	<u>(202)</u>
	<u><u>(1,995)</u></u>	<u><u>529</u></u>
Net (decrease)/increase in cash and cash equivalents	(20,547)	(117,426)
Cash and cash equivalents b/f	<u>51,742</u>	<u>152,591</u>
Cash and cash equivalents c/f	<u><u>31,195</u></u>	<u><u>35,165</u></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 2020)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Changes in
Equity
For the first quarter ended 31 March 2021

	<u>Share Capital</u> (RM '000)	<u>Share</u> <u>Premium</u> (RM '000)	<u>Retirement</u> <u>benefit</u> <u>reserves</u>	<u>Retained</u> <u>Earnings</u> (RM '000)	<u>Total</u> (RM '000)	<u>Non-</u> <u>controlling</u> <u>Interest</u> (RM '000)	<u>Total</u> (RM '000)
<u>3 months quarter ended 31 March 2021</u>							
Balance at beginning of year	64,528	-	(376)	39,559	103,711	7,085	110,796
Total comprehensive income for the period	-	-	-	283	283	49	332
Dividends	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Balance at end of period	64,528	-	(376)	39,842	103,994	7,134	111,128
<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	64,528	-	667	50,692	115,887	7,292	123,179

(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 2020)

MESINIAGA BERHAD

Registration number: 198101013112 (79244V)

**UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2021**

**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 2020. The audited financial statements of the Group for the year ended 31 December 2020 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 2020, except for the adoption of the following Amendments to MFRS during the current financial period:

Standards, amendments to published standards and interpretations that are effective for the Group’s financial year beginning on 1 January 2021:

- Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions’

The adoption of the above amendments did not have any significant financial impact to the Group upon initial application.

The Malaysian Accounting Standards Board had issued the following amendments and annual improvements to existing accounting standards which are relevant to the Group.

- (i) Standards, amendments to published standards and interpretations that are issued but not yet effective:
 - Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’
 - Amendments to MFRS 3 ‘Reference to Conceptual Framework’
 - Amendments to MFRS 116 ‘Proceeds before intended use’
 - Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’
 - Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’

- (ii) Standards, amendments to published standards and interpretations that are issued but effective date yet to be determined:
- Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investment in associates and joint ventures - Sale or contribution of assets between an investor and its associates/joint ventures”

The Group did not early adopt any of the above amendments and annual improvements to the published accounting standards. Based on the work performed to date, the Group 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 2020 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 or 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 RM49.2 million for the first quarter ended 2021 which was 7% higher than the comparative period in 2020 of RM45.9 million. A profit before tax of RM0.4 million was recorded in the first quarter of 2021, compared to a profit before tax of RM1.9 million in the same period of 2020.

A major part of business during the quarter was derived from the sale of hardware which has lower profit margin compared to services.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

For the quarter ended 31 March 2021, the Group recorded a revenue of RM 49.2 million which is 16% lower than the preceding quarter of RM58.5 million. The Group recorded a profit before tax of RM0.4 million in the current quarter compared to a loss before tax of RM3.9 million in the preceding quarter.

In addition to the normal year end provisions and accruals, the loss before tax in the preceding quarter incorporated a one-time write off of intangible assets and increase in expected credit loss provision.

B3. PROSPECTS

We expect the business environment to remain challenging during the 1st half of 2021. Due to the continued Covid-19 pandemic, the global market supply for certain equipment and computer chips has been adversely affected resulting in delay in the fulfilment of orders by our principals. This has caused major delays in the delivery of a few customer projects. In addition, several customer orders have been postponed or delayed due to the CMCO and MCO. We foresee recovery during the 2nd half of 2021.

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 31.03.2021 RM'000	3 months Cumulative to 31.03.2021 RM'000
<u>Major components of tax expenses:</u>		
Current year tax	28	28
Deferred tax	0	0
Tax expense	28	28
Zakat	0	0
	28	28

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 2021 are as follows:

	As at 31.03.2021 RM '000
Short term borrowings	
<i>Unsecured</i>	
Loan denominated in USD	0
Short term borrowings in RM	3,237
	3,237
Term loan in RM	
<i>Secured</i>	330
	3,567
Long term loan	
<i>Secured</i>	
Term loan in RM	1,155
	4,722

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

There is no material litigation initiated by or against the Company during the quarter.

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 trial dates are fixed on 26th to 29th July 2021.

B12. PROPOSED DIVIDEND

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

B13. EARNINGS PER SHARE

	Quarter Ended 31.03.2021	3 months Cumulative 31.03.2021
Basic and Diluted Earnings		
	RM'000	RM'000
Profit attributable to the equity holders of the Company	283	283
Weighted average number of ordinary shares in issue ('000)	60,402	60,402
Basic profit earnings per share (sen)	0.47	0.47

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 as transactions with unrelated parties.

The significant related party transactions are as follows:

	Quarter Ended 31.03.2021 RM'000	3 months Cumulative 31.03.2021 RM'000
<u>Related party</u>		
Subsidiary companies		
- Purchase of goods	2	2
- Purchase of services	5,890	5,890
- Sales of goods	9	9
- 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 2021 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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit/(loss) for the period is arrived at after charging:				
Interest expense	72	99	72	99
Depreciation	562	1,013	562	1,013
Foreign exchange gain/(loss)	146	110	146	110
and after crediting:				
Interest income	132	530	132	530

By Order of the Board

Jasni Abdul Jalil (MACS 01359)
Company Secretary
20 May 2021