

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 30 September 2017

	2017 CURRENT Qtr ended 30-Sep (RM '000)	2016 Comparative Qtr ended 30-Sep (RM '000)	2017 9 Month Cumulative to-date (RM '000)	2016 9 Month Cumulative to-date (RM '000)
Revenue	61,269	53,098	165,772	156,934
Operating expenses	(56,922)	(49,429)	(155,906)	(149,195)
Depreciation	(1,262)	(1,204)	(3,964)	(3,678)
Other operating income	949	97	2,423	1,287
Profit/(loss) from operations	<u>4,034</u>	<u>2,562</u>	<u>8,325</u>	<u>5,348</u>
Finance costs	(422)	(199)	(1,124)	(587)
Share of results of associated company	(40)	15	(64)	54
Profit/(loss) before tax	<u>3,572</u>	<u>2,378</u>	<u>7,137</u>	<u>4,815</u>
Taxation and Zakat	(194)	(172)	(426)	(452)
Profit/(loss) after tax	<u>3,378</u>	<u>2,206</u>	<u>6,711</u>	<u>4,363</u>
Other Comprehensive gain/(loss)	-	-	-	-
Total Comprehensive profit/(loss)	<u><u>3,378</u></u>	<u><u>2,206</u></u>	<u><u>6,711</u></u>	<u><u>4,363</u></u>
Profit/(loss) attributable to:				
- Equity holders of the Company	3,168	1,979	6,158	3,700
- Non-controlling interest	210	227	553	663
	<u><u>3,378</u></u>	<u><u>2,206</u></u>	<u><u>6,711</u></u>	<u><u>4,363</u></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><u>5.24</u></u>	<u><u>3.28</u></u>	<u><u>10.20</u></u>	<u><u>6.13</u></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 2016)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Financial Position
As at 30 September 2017

	<u>As at 30.09.2017</u> (RM '000)	<u>As at 31.12.2016</u> (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	41,632	52,060
Intangible assets	967	1,348
Investment in associated company	44	108
Finance lease receivable	714	807
Deferred tax assets	231	231
	<u>43,588</u>	<u>54,554</u>
Current assets		
Assets held for sales	8,369	1,322
Inventories	7,062	4,191
Receivables	104,152	107,980
Tax recoverable	575	804
Cash and cash equivalents	33,559	27,348
	<u>153,717</u>	<u>141,645</u>
TOTAL ASSETS	<u><u>197,305</u></u>	<u><u>196,199</u></u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	60,402	60,402
Reserves	56,894	53,756
	<u>117,296</u>	<u>114,158</u>
Non-controlling interest	8,955	9,872
Total equity	<u><u>126,251</u></u>	<u><u>124,030</u></u>
Non-current liabilities		
Other deferred liabilities	1,776	2,673
Deferred tax liabilities	-	-
	<u>1,776</u>	<u>2,673</u>
Current liabilities		
Trade and other payables	37,840	46,059
Short term borrowing	31,438	23,432
Taxation	-	5
	<u>69,278</u>	<u>69,496</u>
Total liabilities	71,054	72,169
TOTAL EQUITY AND LIABILITIES	<u><u>197,305</u></u>	<u><u>196,199</u></u>
Net asset per share attributable to ordinary equity holders of the parent(RM)	1.94	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 2016)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Cash Flow
For the third quarter ended 30 September 2017

	2017 9 months ended 30-Sep (RM '000)	2016 9 months ended 30-Sep (RM '000)
Cash Flows From Operating Activities		
Net profit/(loss) attributable to shareholders	6,711	4,363
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	3,964	3,678
Property, plant and equipment write off	37	39
Taxation	426	452
Share of results of associates	64	(46)
Interest expense	1,124	587
Interest income	(398)	(408)
Gain on sales of property, plant and equipment	(188)	-
Unrealised foreign exchange Gain	295	275
Operating profit/(loss) before working capital changes	12,035	8,940
Changes in working capital:		
Inventories	(2,870)	668
Receivables	4,025	(3,908)
Payables	(8,563)	(16,115)
Net cash generated from operations	4,627	(10,415)
Interest paid	(1,124)	(587)
Retirement benefits paid	(100)	(50)
Tax and Zakat paid	(153)	(228)
Net cash generated from operating activities	3,250	(11,280)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,666)	(2,376)
Proceeds from sales of property, plant and equipment	1,510	-
Investment in deposits maturing more than 3 months	-	-
Interest received	398	408
	242	(1,968)
Cash Flows From Financing Activities		
Dividends paid to shareholders	(3,020)	-
Dividends paid to minority interest	(1,470)	(1,470)
Repayment of finance lease	(797)	(188)
Net drawdown of short term borrowing	8,006	16,961
	2,719	15,303
Net increase/ (decrease) in cash and cash equivalents	6,211	2,055
Cash and cash equivalents b/f	27,348	25,433
Cash and cash equivalents c/f	33,559	27,488

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2016)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Changes in Equity
For the third quarter ended 30 September 2017

	Share Capital (RM '000)	Share Premium (RM '000)	Retained Earnings (RM '000)	Total (RM '000)	Non-controlling Interest (RM '000)	Total (RM '000)
<u>9 months quarter ended 30 September 2017</u>						
Balance at beginning of year	60,402	4,126	49,630	114,158	9,872	124,030
Total comprehensive income for the period	-	-	6,158	6,158	553	6,711
Dividends	-	-	(3,020)	(3,020)	(1,470)	(4,490)
Other Comprehensive Income	-	-	-	-	-	-
Balance at end of period	60,402	4,126	52,768	117,296	8,955	126,251
<u>9 months quarter ended 30 September 2016</u>						
Balance at beginning of year	60,402	4,126	46,712	111,240	10,507	121,747
Total comprehensive income for the period	-	-	3,700	3,700	663	4,363
Dividends	-	-	-	-	(1,470)	(1,470)
Other Comprehensive Income	-	-	-	-	-	-
Balance at end of period	60,402	4,126	50,412	114,940	9,700	124,640

(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 2016)

MESINIAGA BERHAD (79244-V)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 2016 and the accompanying explanatory notes attached to the unaudited quarterly financial statements.

The significant accounting policies and methods of computation applied in the unaudited quarterly financial statements are consistent with those applied in the most recent annual financial statement for the year ended 31 December 2016.

On 1 January 2017, the Group adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure initiative’ introduce an additional disclosure on changes in liabilities arising from financing activities
- Amendments to MFRS 102 ‘Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses’ clarify the requirements for the recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

The application of the above amendments to published standards had no material impact on the financial position in the Group’s financial statements.

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2018

- MFRS 15 ‘Revenue from Contracts with Customer’
- MFRS 9 ‘Financial instruments’
- IC Interpretation 22 ‘Currency Transactions and Advance Consideration’

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 'Leases'

The Directors expect the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of the initial application except the following:

MFRS 15 'Revenue'

Under MFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when the 'control' of the goods and services underlying the particular performance obligation is transferred to the customers.

The effect of the above amendment to published standard is currently being assessed by the Directors.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's Annual Financial Statements for the year ended 31 December 2016 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

The following dividend was paid out in the financial period under review:

In respect of the financial year ending 31 December 2017:

	RM'000
Single-tier interim dividend of 5.0 sen per ordinary share paid on 6 September 2017	<u>3,020</u>

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 other than those disclosed as follows:

Mesiniaga SSO Sdn Bhd, the wholly owned subsidiary of the Company had commenced the process by way of members' voluntary winding up, as per announcement to Bursa Malaysia Securities Berhad on 8.11.2012. The process of voluntary winding up cycle is pending to be completed.

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 RM165.8 million for the first nine months of 2017, compared to the corresponding period in 2016 of RM156.9 million. A profit before tax of RM7.1 million was recorded in the first nine months of 2017, an increase of 48.2% compared to RM4.8 million in the previous corresponding period.

The improvement in profit is due to increase in revenue from the services segments which traditionally have higher margins.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

For the third quarter ended 30 September 2017, the Group recorded revenue of RM61.3 million, compared to RM60.2 million in the immediately preceding quarter. The Group recorded a profit before tax of RM3.6 million in the current quarter compared to a profit of RM2.5 million in the immediately preceding quarter.

Higher profit was supported by higher revenue in the third quarter as compared to the immediately preceding quarter.

B3. PROSPECTS

The IT industry is expected to undergo consolidation as new technologies and borderless competition bring forth threats as well as opportunities. Although government spending is expected to remain prudent in 2017, we remain optimistic of our growth plans, especially for the Enterprise and Telecommunications sectors.

To achieve this, we will continue to leverage on our differentiated products and services to increase our win rate and to help us focus our commitments on our key customers.

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 30.09.2017 RM'000	9 months Cumulative to 30.09.2017 RM'000
<u>Major components of tax expenses:</u>		
Current year tax	194	426
Deferred tax	0	0
Tax expense	194	426
Zakat	0	0
	194	426

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 material transactions. The sales of the property for the current quarter and financial year to date as follows:

On 23.12.2016, the Company entered into a Sale and Purchase Agreement with Worldwide Holdings Berhad for the disposal of a unit of a 3 ½-storey commercial building erected on leasehold land under Master Title No. Pajakan Negeri 92524, Lot 743 Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor bearing postal address of No. 1-07-01, 1-07-02, 1-07-03, Worldwide @7, Lot 24, Jalan Lazuardi 7/29, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan for a cash sale consideration of RM1,650,000 before GST. The disposal was completed and a gain of RM0.19 million was recognised in the first quarter 2017.

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 2017 are as follows:

	As at 30.09.2017 RM '000
Short term borrowings	
<i>Unsecured</i>	
Loan denominated in USD	2,607
Other short term borrowings	28,831
	<u>31,438</u>

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

AmanahRaya Berhad VS Mesiniaga Berhad

Mesiniaga has filed Statement of Defence to High Court against Amanah Raya Berhad on 17 April 2017.

The Company has filed a Counter Claim with the High Court on 17 April 2017 amounting to RM 18,651,594.90.

AmanahRaya Berhad has replied to the Statement of Defence and Counter Claim on 22nd May 2017 and Mesiniaga has replied to the reply on 5th June 2017.

Case management was held on 17th July 2017 and both parties have agreed to appoint expert witnesses.

Next case management will be held on 8th March 2018.

B12. PROPOSED DIVIDEND

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

B13. EARNINGS PER SHARE

	Quarter Ended 30.09.2017	9 months Cumulative 30.09.2017
Basic and Diluted Earnings	RM'000	RM'000
(Loss)/profit attributable to the equity holders of the Company	3,168	6,158
Weighted average number of ordinary shares in issue	60,402	60,402
Basic (loss)/earnings per share (sen)	5.24	10.20

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 30.09.2017	9 months Cumulative 30.09.2017
	RM'000	RM'000
<u>Related party</u>		
Subsidiary companies		
- Purchase of goods	92	107
- Purchase of services	7,765	21,744
- Sales of goods	14	30
- 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 2017 are as follows:

	RM'000
Approved and not contracted for	NIL
Approved and contracted for	3,500

B16. BREAKDOWN OF RETAINED EARNINGS TO REALISED AND UNREALISED INCOME OR EXPENSES

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Retained profit		
- Realised	37,322	34,362
- Unrealised	15,446	15,268
	52,768	49,630

B17. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		9 months Cumulative	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit for the period is arrived at after charging:				
Interest expense	422	199	1,124	587
Depreciation	1,262	1,204	3,964	3,678
Foreign exchange gain	741	298	2,508	1,922
Disposal of property gain	0	0	188	0
and after crediting:				
Interest income	167	176	398	408

By Order of the Board

Jasni Abdul Jalil (MACS 01359)
Company Secretary
20 November 2017