



MYKRIS INTERNATIONAL BERHAD
200801009751 (811039-T)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY MYKRIS INTERNATIONAL BERHAD ("MYKRIS" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



MYKRIS INTERNATIONAL BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Group	
	Unaudited 30.09.2019 RM'000	Audited 31.3.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Other investment	24	-
Property and equipment	14,462	15,135
Investment properties	754	759
Development expenditure	-	-
Goodwill on consolidation	6,829	6,829
Deferred tax assets	615	615
	22,684	23,338
CURRENT ASSETS		
Trade receivables	4,092	5,073
Other receivables, deposits and prepayments	2,975	2,537
Current tax assets	-	16
Short term deposits	589	2,069
Fixed deposit with a licensed bank	1,200	-
Cash and bank balances	23,213	19,637
Contract assets	-	741
	32,069	30,073
TOTAL ASSETS	54,753	53,411

* Represents RM34



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AS AT 30 SEPTEMBER 2019

	Unaudited	Audited
	30.09.2019	31.3.2019
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	21,000	21,000
Retained profits	21,096	18,962
TOTAL EQUITY	<u>42,096</u>	<u>39,962</u>
NON-CURRENT LIABILITIES		
Lease and hire-purchase payables	27	36
Term loan	6,119	6,359
	<u>6,146</u>	<u>6,395</u>
CURRENT LIABILITIES		
Trade payables	238	444
Other payables and accruals	2,483	2,917
Lease and hire-purchase payables	73	172
Term loan	499	499
Provision for taxation	1,692	1,160
Contract liabilities	1,526	1,862
	<u>6,511</u>	<u>7,054</u>
TOTAL LIABILITIES	<u>12,657</u>	<u>13,449</u>
TOTAL EQUITY AND LIABILITIES	<u>54,753</u>	<u>53,411</u>
NET ASSETS PER SHARE (RM)	<u>0.14</u>	<u>0.13</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX-MONTH FINANCIAL PERIOD ENDED ("FPE")
30 SEPTEMBER 2019**

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
REVENUE	21,842	18,711	21,842	18,711
COST OF SALES	(8,531)	(7,333)	(8,531)	(7,333)
GROSS PROFIT	13,311	11,378	13,311	11,378
OTHER OPERATING INCOME	128	111	128	111
	13,439	11,489	13,439	11,489
ADMINISTRATIVE EXPENSES	(4,608)	(4,800)	(4,608)	(4,800)
SELLING AND DISTRIBUTION EXPENSES	(915)	(984)	(915)	(984)
OTHER OPERATING EXPENSES	(1,086)	(855)	(1,086)	(855)
FINANCE COSTS	(22)	(11)	(22)	(11)
PROFIT BEFORE TAXATION	6,808	4,839	6,808	4,839
INCOME TAX EXPENSE	(1,674)	(1,328)	(1,674)	(1,328)
PROFIT AFTER TAXATION	5,134	3,511	5,134	3,511
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	5,134	3,511	5,134	3,511
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	5,134	3,511	5,134	3,511
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	5,134	3,511	5,134	3,511
EARNINGS PER SHARES (SEN) -Basic/Diluted **	1.71	1.35	1.71	1.35

** The earning per share is computed based on the weighted average number of shares for the respective financial period.

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019**

	Share Capital RM'000	Retained Earning RM'000	Attributable to owners of the Company RM'000	Total Equity RM'000
Balance at 1.4.2018	13,000	15,175	28,175	28,175
Total comprehensive income for the financial year	-	3,511	3,511	3,511
Balance at 30.9.2018	13,000	18,686	31,686	31,686
Balance at 1.4.2019	21,000	18,962	39,962	39,962
Total comprehensive income for the financial year	-	5,134	5,134	5,134
Contributions by and distributions to owners of the Company - Dividends	-	(3,000)	(3,000)	(3,000)
Balance at 30.09.2019	21,000	21,096	42,096	42,096

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019

	Unaudited 6 months ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Profit before taxation	6,808	4,839
Adjustments for:-		
Depreciation of property and equipment	1,459	1,106
Depreciation of investment properties	5	5
Impairment losses on trade receivables	-	59
Interest expense	22	8
Interest income	(60)	(39)
Write-back of impairment losses on receivables	(12)	(20)
Write-off for property and equipment	4	-
Operating profit before working capital changes	8,226	5,958
Decrease /(Increase) in trade and other receivables	555	(112)
(Decrease) /Increase in trade and other payables	(640)	49
Increase in net contract liabilities	405	-
CASH FROM OPERATIONS	8,546	5,895
Interest paid	(22)	(8)
Income tax paid	(1,125)	(663)
NET CASH FROM OPERATING ACTIVITIES	7,398	5,224



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019 (CONT'D)

	Unaudited 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Interest received	60	39
Other investment	(24)	-
Purchase of property and equipment	(790)	(1,717)
NET CASH USED IN INVESTING ACTIVITIES	(754)	(1,678)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid	(3,000)	-
Repayment of hire purchase obligations	(108)	(103)
Repayment of term loan	(240)	(249)
NET CASH USED IN FINANCING ACTIVITIES	(3,348)	(352)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,296	3,194
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	21,706	13,599
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	25,002	16,793

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019

A1. BASIS OF PREPARATION

The unaudited interim financial statements of MyKRIS International Berhad (“**MyKRIS**” or the “**Company**”) and its subsidiaries, MyKRIS Net (MSC) Sdn Bhd and MyKRIS Asia Sdn Bhd (collectively, the “**Group**”) are prepared under the historical cost convention modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“**MFRSs**”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, as well as Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial statements for the 6-month FPE 30 September 2019 should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.

1.1 During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

New MFRSs

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 9 Prepayment Features with Negative Compensation

MFRS 119 Plan Amendment, Curtailment or Settlement

MFRS 128 Long term Interest in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

IC Interpretation

IC Int. 23 Uncertainty over Income Tax Treatments

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

1.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

New MFRSs

MFRS 17 Insurance Contracts

Effective for the financial period beginning on or after

1 January 2021

Amendments/Improvements to MFRSs

MFRS 3 Business Combination

1 January 2020

MFRS 10 Consolidation Financial Statements

Deferred

MFRS 101 Presentation of Financial Statements

1 January 2020

MFRS 108 Accounting Policies, Changes in Accounting Estimates And Errors

1 January 2020

MFRS 128 Investments in Associates and Joint Ventures

Deferred



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019 (CONT'D)

A1. BASIS OF PREPARATION (CONT'D)

1.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the preceding audited financial statements of the Group for the financial year ended 31 March 2019 were not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

We receive stable monthly subscriptions from our customers and hence, do not experience any material seasonality in our business during the 6-month FPE 30 September 2019.

A4. UNUSUAL ITEMS DUE OT THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 6-month FPE 30 September 2019.

A5. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgments during the 6-month FPE 30 September 2019.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the 6-month FPE 30 September 2019.



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019(CONT'D)

A7. DIVIDENDS PAID

	Unaudited 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000
Declared:-		
Interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2019 which was paid on 26 November 2018 (based on 300,000,000MyKRIS Shares)	-	3,000
Special interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2019 which was paid on 14 June 2019 (based on 300,000,000 MyKRIS Shares)	3,000	-
	<u>3,000</u>	<u>3,000</u>

A8. OPERATING SEGMENTS

8.1 Business activities

The Group is primarily a managed network service provider, specialising in the provision of managed Internet and Intranet network services to enterprises. The Group's principal activities include the following segments:-

- (i) **Managed network services:** Provision of high speed wireless and wired network services, and international leased circuit to enterprises.
- (ii) **Project-based revenue:** Design, installation and commission of network infrastructure on turnkey (ad-hoc) basis.
- (iii) **IT-based products and services:** Sale and installation of network equipment, hardware and software, web-based application software and server co-location and hosting services.

The Group's revenue based on its activities is presented as follows:

	Unaudited 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000
Managed network services	19,314	17,376
IT-based products and services	2,528	1,335
	<u>21,842</u>	<u>18,711</u>



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019(CONT'D)

A8. OPERATING SEGMENTS (CONT'D)

8.2 Geographical markets

The Group's revenue is derived mainly from local markets, primarily Klang Valley, Penang and Johor, which contributed approximately 98.7% (FPE 2018: 99.1%) of the Group's revenue in 6-month FPE 30 September 2019.

A9. PROFIT BEFORE TAXATION

	Unaudited 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000
Profit before taxation is arrived:-		
After charging:-		
Auditor's remuneration:		
- statutory	48	25
- non-statutory	-	4
Depreciation of property and equipment	1,459	1,106
Depreciation of investment properties	5	5
Impairment losses on receivables	-	59
Directors' non-fee emoluments:		
- salaries and bonuses	223	189
- other emoluments	-	42
Directors' fee	63	-
Interest expense:		
- hire purchase interest	4	8
Staff costs:		
- salaries, allowance, bonuses and overtime	2,474	2,498
- defined contribution plan	309	312
- other benefits	170	138
Write-off for property and equipment	4	-
After crediting:-		
Interest income	(60)	(39)
Realised (gain)/ loss on foreign exchange	(4)	(3)
Write-back of impairment losses on receivables	(12)	(20)



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2019(CONT'D)

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation on property, plant and equipment done during the 6-month FPE 30 September 2019.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the 6-month FPE 30 September 2019.

A12. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2019.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 30 September 2019.

A14. SIGNIFICANT EVENTS OCCURING AFTER REPORTING PERIOD

There were no material events subsequent to the end of the reporting that have not been reflected in the interim financial statement.



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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group's revenue increased by 16.73% from RM18.71 million in the 6-month FPE September 2018 ("FPE 2018") to RM21.84 million in the 6-month FPE 30 September 2019 ("FPE 2019"). The increase in revenue was mainly due to the contribution from managed networks services segment, which had recorded a revenue growth of approximately 11.10% increased from RM17.38 million in FPE 2018 to RM19.31 million in FPE 2019, arising from the increased sales from new customers, upgrade of packages by existing customers and continuing support from the existing customers to renew their service agreement.

Meanwhile, the IT-based products and services segment had also recorded a growth in revenue from RM1.34 million in FPE 2018 to RM2.53 million in FPE 2019. The increase in revenue was mainly due to configuration and deployment services on the cloud infrastructure for customers and the increase in supplying hardware and IT based services to customers.

Accordingly, the Group recorded a gross profit of RM13.31 million in the FPE 2019 as compared to RM11.38 million in FPE 2018, representing an increase of approximately 16.96%.

In line with the growth in revenue, the Group's profit before tax increased by approximately 40.70% from RM4.84 million in FPE2018 to RM 6.81 million in FPE 2019. The increase in profit before tax was attributable to lower administrative expenses incurred due to cost savings in rental which is caused by the relocation of the Group's headquarter. However, this was partially offset by the higher other operating expenses due to additional depreciation charges on the Group's own building.

B2. COMMENTARY ON PROSPECTS

MyKRIS has continued focused on the marketing and implementation of our MyKRIS 360 service offering, which covers on cyber security, hybrid infrastructure and network visibility since our listing on the LEAP market of Bursa Securities. We are optimistic that our MyKRIS 360 will enhance our competitive edge and market positioning, and will enable us to further grow our managed network services business.

While the business remains competitive, we have taken the following steps in order to improve our Company's market position to ensure our long-term growth and sustainability in the industry:-

- Accelerating our business transformation plan to create market awareness for our products and extending our market coverage;
- Increase the level of automation of our business process and workflow as well as leveraging on big data analytics; and
- Managing our operating expenses and costs to improve profit margins.

Further, we remain focused on our main customer base, comprising niche high value enterprises, and will continue to enhance our product offerings and value added services to grow and maintain our market position in the highly competitive industry in which we operate.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects of the Group's for the financial year ending 31 March 2020 will remain favourable.



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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced as at the date of this report.

C2. UTILISATION OF PROCEEDS

The Excluded Issue and the subsequent listing of MyKRIS on LEAP Market of Bursa Securities on 4 October 2018 raised gross proceeds of approximately RM8.0 million. The status of utilisation of the proceeds are as follows:-

Details of use	Proposed utilisation RM'000	Actual utilisation* RM'000	Proceeds balance RM'000	Estimated timeframe for use upon listing
Expansion of business and operational facilities	2,600	-	2,600	Within 24 months
Working capital	3,399	1,418	1,981	Within 18 months
Relocation and renovation of our headquarters	1,000	1,000	-	Within 12 months
Estimated listing expenses	1,000	1,000	-	Within 3 months
Total	7,999	3,418	4,581	

* Utilisation as at 30 September 2019

The utilisation of the proceeds as disclosed above should be read in conjunction with the Information Memorandum of the Company dated 18 July 2018.



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C OTHER INFORMATION (CONT'D)

C3. MATERIAL LITIGATION

The Board is not aware of any proceedings/ material litigations pending or threatened against the Group as at the date of this report.

C4. EARNINGS PER SHARE

Basic/ Diluted earnings per share is calculated by dividing the profit for the FPE attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

	Unaudited	
	6 months ended	
	31.09.2019	30.09.2018
Net profit for the financial period attributable to ordinary equity holders (RM'000)	5,134	3,511
Weighted average number of ordinary shares in issue ('000)	300,000	260,003
Basic/ Diluted EPS (sen)	1.71	1.35

C5. DIVIDENDS

On 22 November 2019, the Board had resolved to declared a first interim dividend of 1.0 sen per share on 300,000,000 MyKRIS in respect of the financial year ending 31 March 2020 ("**First Interim Dividend**"). The entitlement date for the First Interim Dividend is 5 December 2019 and will be paid on 18 December 2019.

This report is dated 22 November 2019.