

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

FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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.



**200801009751 (811039-T)** (Incorporated in Malaysia)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 **SEPTEMBER 2020**

	Group		
	Unaudited 30.09.2020 RM'000	Audited 31.3.2020 RM'000	
ASSETS NON-CURRENT ASSETS Other investment Investment in associate company Property and equipment Investment properties Development expenditure Goodwill on consolidation Right of use assets Deferred tax assets	33 832 13,110 746 - 6,829 2,161 <u>615</u> 24,326	33 - 13,680 750 - * 6,829 2,220 615 24,127	
CURRENT ASSETS Trade receivables Other receivables, deposits and prepayments Amount owing by an associate company Current tax assets Short term investment Fixed deposit with a licensed bank Cash and bank balances Contract assets	6,070 3,301 3 - 6,349 1,235 19,609 - 36,567	5,676 3,572 - 53 1,808 1,200 20,972 - 33,281	
TOTAL ASSETS	60,893	57,408	

\* Represents RM34



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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 **SEPTEMBER 2020**

	Unaudited 30.09.2020 RM'000	Audited 31.3.2020 RM'000
EQUITY AND LIABILITIES EQUITY		
Share capital	21,000	21,000
Retained profits	25,635	23,428
TOTAL EQUITY	46,635	44,428
NON-CURRENT LIABILITIES		
Term loan-non current	5,738	5,956
Lease liability	201	976
	5,939	6,932
CURRENT LIABILITIES		
Trade payables	1,447	207
Other payables and accruals Term loan-current	1,737 431	2,512
Provision for taxation	1,873	431 836
Contract liabilities	1,064	1,044
Lease liability	1,767	1,018
	8,319	6,048
TOTAL LIABILITIES	14,258	12,980
TOTAL EQUITY AND LIABILITIES	60,893	57,408
NET ASSETS PER SHARES (RM)	0.16	0.15

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 2020 and the accompanying explanatory notes attached to this interim financial report.



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# UNAUDITED CONDENSED CONSOLIDATEDSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED ("FPE") 30 SEPTEMBER 2020

	Individual 6 months ended		Cumulative end	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
REVENUE COST OF SALES	21,084 (9,001)	21,842 (8,531)	21,084 (9,001)	21,842 (8,531)
GROSS PROFIT	12,083	13,311	12,083	13,311
OTHER OPERATING INCOME	191	128	191	128
	12,274	13,439	12,274	13,439
ADMINISTRATIVE EXPENSES SELLING AND DISTRIBUTION	(3,927)	(4,608)	(3,927)	(4,608)
EXPENSES	(559)	(915)	(559)	(915)
OTHER OPERATING EXPENSES	(844)	(1,086)	(844)	(1,086)
FINANCE COSTS	(25)	(22)	(25)	(22)
PROFIT BEFORE TAXATION AND SHARE OF RESULT	6,919	6,808	6,919	6,808
SHARE OF RESULT OF ASSOCIATE COMPANY	(9)	-	(9)	-
PROFIT BEFORE TAXATION	6,910	6,808	6,910	6,808
INCOME TAX EXPENSE	(1,703)	(1,674)	(1,703)	(1,674)
PROFIT AFTER TAXATION	5,207	5,134	5,207	5,134
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	5,207	5,134	5,207	5,134
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company	5,207	5,134	5,207	5,134
Owners of the Company	5,207	5,154	5,207	5,134
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	5,207	5,134	5,207	5,134
EARNINGS PER SHARES(SEN) -Basic/Diluted	1.74	1.71	1.74	1.71

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 2020 and the accompanying explanatory notes attached to this interim financial report.



# UNAUDITED CONDENSED CONSOLIDATEDSTATEMENT OF CHANGES IN EQUITY FOR THE FPE 30 SEPTEMBER 2020

	Share Capital RM'000	Retained Earning RM'000	Attributable to owners of the Company RM'000	Total Equity RM'000
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	42,097	42,096
Balance at 1.4.2020	21,000	23,428	44,428	44,428
Total comprehensive income for the financial year	-	5,207	5,207	5,207
Contributions by and distributions to owners of the Company - Dividends	-	(3,000)	(3,000)	(3,000)
Balance at 30.09.2020	21,000	25,635	46,635	46,635

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 2020 and the accompanying explanatory notes attached to this interim financial report.



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# UNAUDITED CONDENSED CONSOLIDATEDSTATEMENT OF CASH FLOWS FOR THE FPE 30 **SEPTEMBER 2020**

	The Group		
	30.09.2020	30.09.2019	
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	RM'000	RM'000	
Profit before taxation	6,910	6,808	
Adjustments for:-			
Depreciation of property and equipment	1,285	1,459	
Depreciation of right of use assets	710	-	
Depreciation of investment properties	4	5	
Impairment losses on trade receivables	184	-	
Interest expense	7	22	
Interest income	(112)	(60)	
Share of result of an associate	9	-	
Property and equipment written off	-	4	
Writeback of impairment losses on receivables	(1)	(12)	
Operating profit/(loss) before working capital changes	8,996	8,226	
(Increase) /Decreasein trade and other receivables	(273)	554	
(Decrease)/ Increase in trade and other payables	464	(640)	
(Decrease)/Increase in net contract liabilities	20	405	
CASH FROM/(FOR) OPERATIONS	9,207	8,545	
Interest paid	(7)	(22)	
Income tax paid/(refund)	(667)	(1,125)	
NET CASH FROM OPERATING ACTIVITIES	8,533	7,398	



# UNAUDITED CONDENSED CONSOLIDATEDSTATEMENT OF CASH FLOWS FOR THE FPE 30 SEPTEMBER 2020 (CONT'D)

	The Group	
	30.09.2020 RM'000	30.09.2019 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	112	60
Additional investment	(841)	(24)
Purchase of property and equipment	(1,387)	(790)
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(2,116)	(754)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(3,000)	(3,000)
Draw down of lease liability	426	-
Repayment of lease liabilities	(452)	(108)
Repayment of term loan	(218)	(240)
NET CASH FOR FINANCING ACTIVITIES	(3,244)	(3,348)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	40	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,213	3,296
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	23,980	21,706
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27,193	25,002

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 2020 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 FPE 30 SEPTEMBER 2020

### 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**").

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

Amend	Iments/	Impro	<u>vement</u>	<u>s to</u>	MF	<u>RSs</u>	
	-				_		

MFRS 3Definition of a BusinessMFRS 7, MFRS 9 and MFRS139Interest Rate Benchmark ReformMFRS 101 and MFRS 108Definition of Material

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:-

		Effective for the financial period beginning on or after
New MFRSs		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Impro	ovements to MFRSs	
MFRS 3	······································	1 January 2022
	Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 9, MFRS 16		
and MFRS 139		
	Sales or Contribution of Assets between an Investor	Deferred
128	and its Associate of Joint Venture	
MFRS 16	Covid-19 – Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 116	Property, Plant and Equipment Proceed before Intended Use	1 January 2022
MFRS 137	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvemen	ts to MFRS Standards 2018 - 2020	1 January 2022

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.



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# A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2020 (CONT'D)

# 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 2020 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.

# 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 FPE 30 September 2020.

# A5. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgments during the FPE 30 September 2020.

# A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity security in the current quarter and current year-to-date.

# A7. DIVIDENDS PAID

The details of dividends paid during the FPE 2020 (and corresponding FPE 2019) are set out as follows:-

	Unaudited 6 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000
Declared :-		
Special 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
Second interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2020 which was paid on 22 July 2020 (based on 300,000,000 MyKRIS Shares)	3,000	-
-	3,000	3,000



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# A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2020 (CONT'D)

### 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		
	30.09.2020 RM'000	30.09.2019 RM'000		
Managed network services	17,639	19,314		
IT-based products and services	3,445	2,528		
	21,084	21,842		

#### 8.2 Geographical markets

The Group's revenue is derived mainly from local markets, primarily Klang Valley, Penang and Johor, which contributed approximately 96.2% of the Group's revenue for FPE 30 September 2020 (FPE 30 September 2019: 98.7%).

	Cumulative 6 months ended FPE 30 September				
	2020		2019		
	RM'000	%	RM'000	%	
Local					
- Klang Valley	17,392	82.5%	19,221	88.0%	
- Penang	1,260	6.0%	1,376	6.3%	
- Johor	315	1.5%	218	1.0%	
- Others	1,318	6.3%	743	3.4%	
	20,285	96.2%	21,558	98.7%	
Overseas	799	3.8%	284	1.3%	
Total revenue	21,084	100.0%	21,842	100.0%	



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# A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2020 (CONT'D)

# A9. PROFIT BEFORE TAXATION

	Unaudited 6 months ended 30.09.2020 30.09.2019		
Profit before taxation is arrived:-	RM'000	RM'000	
Auditor's remuneration:			
- audit fee	41	48	
Allowance for doubtful debt	184	-	
Depreciation of property and equipment	1,285	1,459	
Depreciation of right of use of assets	710	-	
Depreciation of investment properties	4	5	
Directors' fee	63	63	
Directors' non-fee emoluments:			
- salaries and bonuses	315	223	
Interest expense:			
- hire purchase interest	2	4	
- lease liabilities	5	-	
Staff costs:			
- salaries, allowance, bonuses and overtime	2,133	2,474	
- defined contribution plan	272	309	
- other benefits	66	170	
Write-off for property and equipment	-	4	
After crediting:-			
Interest income	(112)	(60)	
Realised (gain)/ loss on foreign exchange	40	(4)	
Write-back of impairment losses on receivables	(1)	(12)	

# A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation on property, plant and equipment done during the FPE 30 September 2020.

# A11. CHANGES IN COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group during the FPE 30 September 2020.

On 9 September, MyKRIS Asia had completed the subscription of 20,000 ordinary shares of USD10 each in Hongsa Telecom Company Limited ("HTCL") for an investment sum of USD200,000. Following the subscription, HTCL became a 40%-owned associate company of MyKRIS Asia.

# A12. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2020.



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# A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2020 (CONT'D)

# A13. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 30 September 2020.

# 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 decreased by 3.48% from RM21.84 million in FPE 30 September 2019 ("**FPE 2019**") to RM21.08 million in FPE 30 September 2020 ("**FPE 2020**"). However, despite the decrease in revenue, profit before tax ("**PBT**") increased marginally from RM6.81 million in FPE 2019 to RM6.91 million in FPE 2020.

The decrease in revenue was primarily due to the drop in revenue from managed networks services segment, from RM19.31 million in FPE 2019 to RM17.64 million in FPE 2020, primarily due to contract termination and downgrade. However, revenue from IT-based products and services segment increased from RM2.53 million in FPE 2019 to RM3.45 million in FPE 2020, primarily due to new contractual support and maintenance services provided during FPE 2020.

Accordingly, the Group's gross profit decreased from RM13.31 million recorded in FPE 2019 to RM12.08 million in the FPE 2020, representing a decrease of 9.24%, in line with the drop in revenue.

Whilst the Group recorded a decrease in revenue and gross profit in FPE 2020, the Group's PBT increased in the FPE 2020. The increase in PBT was mainly due to lower administrative expenses and selling and distribution expenses. The management is adopting a more conservative approach in allocating funds for administrative, selling and distribution expenses due to the uncertain impact that may arise from the Covid-19 pandemic.

#### B2. COMMENTARY ON PROSPECTS

Our Group is facing new challenges brought about by Covid-19 pandemic. Several of our SME and hospitality customers have been badly affected: some have temporarily shelved their businesses, others are planning to or have downgraded their services with us.

We will remain focused on our main customer base, comprising niche high value enterprises, and will continue to enhance our product offerings and value added services. We will continue to engage with our customers to understand their needs so that our products and services are bundled at competitive prices. Due to the acceleration of digital transformation during the pandemic, we noted the cyber security services are getting more important to protect all the online services and transactions data from cyber-attacks. We foresee the demand for such services will increase and we are actively expanding the market coverage and penetration. In so doing, we hope 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 ("**Board**") is of the opinion that the prospects of the Group's for the financial year ending 31 March 2021 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.

# C3. 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.

On 17 September 2020, the Board resolved to re-allocate proceeds amounting to approximately RM1.47 million initially earmarked for expansion of business and operational facilities, towards working capital, which is intended to cover the Group's payment of salaries, general overheads and administrative expenses.

As at 30 September 2020, all proceeds from the Excluded Issue have been fully utilised.

### C5. 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.

#### C6. EARNING 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	
Net profit for the financial period attributable to ordinary	30.09.2020	30.09.2019	
equity holders (RM'000)	5,207	5,134	
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	
Basic / Diluted EPS (sen)	1.74	1.71	



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

# C OTHER INFORMATION (CONT'D)

# C7. DIVIDENDS

The Board has resolved to declare a first interim dividend of 1.2 sen per Share on 300 million MyKRIS Shares amounting to RM3.6 million in respect of the financial year ending 31 March 2021. The entitlement date for this interim dividend is 4 December 2020 and will be paid on 18 December 2020.

# This report is dated 17 November 2020