

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 30 September 2015

	2015	2014	2015	2014
	CURRENT Qtr ended 30-Sep (RM '000)	Comparative Qtr ended 30-Sep (RM '000)	9 Month Cumulative to-date (RM '000)	9 Month Cumulative to-date (RM '000)
Revenue	48,171	60,212	146,649	179,022
Operating expenses	(50,022)	(63,132)	(155,652)	(183,941)
Depreciation	(1,808)	(1,837)	(5,408)	(5,369)
Other operating income	165	41	478	811
Profit from operations	<u>(3,494)</u>	<u>(4,716)</u>	<u>(13,933)</u>	<u>(9,477)</u>
Finance costs	(202)	(232)	(744)	(403)
Profit before tax	<u>(3,696)</u>	<u>(4,948)</u>	<u>(14,677)</u>	<u>(9,880)</u>
Taxation and Zakat	35	71	60	111
Profit after tax	<u>(3,661)</u>	<u>(4,877)</u>	<u>(14,617)</u>	<u>(9,769)</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	<u><u>(3,661)</u></u>	<u><u>(4,877)</u></u>	<u><u>(14,617)</u></u>	<u><u>(9,769)</u></u>
Profit attributable to:				
- Equity holders of the Company	(3,924)	(4,988)	(15,486)	(10,325)
- Non-controlling interest	263	111	869	556
	<u><u>(3,661)</u></u>	<u><u>(4,877)</u></u>	<u><u>(14,617)</u></u>	<u><u>(9,769)</u></u>
Earning per share for profit attributable to the equity holders of the Company during the period				
Earnings/(loss) Per Share - Basic	<u><u>-6.50</u></u>	<u><u>-8.26</u></u>	<u><u>-25.64</u></u>	<u><u>-17.09</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 2014)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Financial Position
As at 30 September 2015

	<u>As at 30.09.2015</u>	<u>As at 31.12.2014</u>
	(RM '000)	(RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	53,247	61,465
Intangible assets	1,047	1,586
Investment properties	1,354	1,370
Finance lease receivable	73	267
Deferred tax assets	2,629	1,979
	<u>58,350</u>	<u>66,667</u>
Current assets		
Inventories	8,126	10,042
Receivables	77,769	111,702
Tax recoverable	890	928
Cash and cash equivalents	15,893	25,446
	<u>102,678</u>	<u>148,118</u>
Non-current asset held for sale	5,915	0
	<u>108,593</u>	<u>148,118</u>
TOTAL ASSETS	<u><u>166,943</u></u>	<u><u>214,785</u></u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	60,402	60,402
Reserves	54,429	69,915
	<u>114,831</u>	<u>130,317</u>
Non-controlling interest	10,203	10,314
Total equity	<u>125,034</u>	<u>140,631</u>
Non-current liabilities		
Other deferred liabilities	2,825	3,083
Deferred tax liabilities	-	-
	<u>2,825</u>	<u>3,083</u>
Current liabilities		
Trade and other payables	25,810	42,666
Short term borrowing	13,227	28,405
Taxation	47	0
	<u>39,084</u>	<u>71,071</u>
Total liabilities	41,909	74,154
TOTAL EQUITY AND LIABILITIES	<u><u>166,943</u></u>	<u><u>214,785</u></u>
Net asset per share attributable to ordinary equity holders of the parent(RM)	1.90	2.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2014)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Cash Flow
For the third quarter ended 30 September 2015

	2015 9 months ended 30-Sep (RM '000)	2014 9 months ended 30-Sep (RM '000)
Cash Flows From Operating Activities		
Net profit attributable to shareholders	(14,617)	(9,769)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	5,408	5,369
Property, plant and equipment write off	-	-
Taxation	(60)	(111)
Interest expense	744	403
Interest income	(355)	(476)
Unrealised foreign exchange Gain	1,024	(25)
Operating profit before working capital changes	(7,856)	(4,609)
Changes in working capital:		
Non-current asset held for sale	180	-
Inventories	1,916	(640)
Receivables	34,247	8,248
Payables	(17,880)	(23,604)
Net cash generated from operations	10,607	(20,605)
Interest paid	(744)	(403)
Retirement benefits paid	-	-
Tax and Zakat paid	(804)	(3,705)
Net cash generated from operating activities	9,059	(24,713)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,550)	(3,356)
Additional on investment property	-	-
Interest received	355	475
	(2,195)	(2,881)
Cash Flows From Financing Activities		
Dividends paid to shareholders	-	(6,040)
Dividends paid to minority interest	(980)	(980)
Proceeds from finance lease	-	2,971
Repayment of finance lease	(259)	(1,167)
Net drawdown of short term borrowing	(15,178)	14,365
	(16,417)	9,149
Net increase/ (decrease) in cash and cash equivalents	(9,553)	(18,445)
Cash and cash equivalents b/f	25,446	31,056
Cash and cash equivalents c/f	15,893	12,611

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2014)

Mesiniaga Berhad (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Changes in Equity
For the third quarter ended 30 September 2015

	<u>Share Capital</u> (RM '000)	Reserve attributable to <u>Capital</u> (RM '000)	<u>Retained</u> <u>Earnings</u> (RM '000)	<u>Total</u> (RM '000)	Non-controlling <u>Interest</u> (RM '000)	<u>Total</u> (RM '000)
<u>9 months quarter ended 30 September 2015</u>						
Balance at beginning of year	60,402	4,126	65,789	130,317	10,314	140,631
Total comprehensive income for the period	-	-	(15,486)	(15,486)	869	(14,617)
Dividends	-	-	-	-	(980)	(980)
Other Comprehensive Income	-	-	-	-	-	-
Balance at end of period	<u>60,402</u>	<u>4,126</u>	<u>50,303</u>	<u>114,831</u>	<u>10,203</u>	<u>125,034</u>
<u>9 months quarter ended 30 September 2014</u>						
Balance at beginning of year	60,402	4,126	102,000	166,528	10,697	177,225
Total comprehensive income for the period	-	-	(10,325)	(10,325)	556	(9,769)
Dividends	-	-	(6,040)	(6,040)	(980)	(7,020)
Balance at end of period	<u>60,402</u>	<u>4,126</u>	<u>85,635</u>	<u>150,163</u>	<u>10,273</u>	<u>160,436</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 2014)

MESINIAGA BERHAD (79244-V)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2014 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 2014.

On 1 January 2015, the Group adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2015.

Effective for financial periods beginning on or after 1 July 2014

- Annual Improvements to MFRSs 2010-2012 Cycle
 - MFRS 2 ‘Share-based payment’
 - MFRS 3 ‘Business Combination’
 - MFRS 8 ‘Operating Segments’
 - MFRS 13 ‘Fair value measurement’
 - MFRS 116 ‘Property, Plant and Equipment’
 - MFRS 124 ‘Related party disclosures’, and
 - MFRS 138 ‘Intangible assets’
- Annual Improvements to MFRSs 2011-2013 Cycle
 - MFRS 1 ‘First-time Adoption of financial reporting standards’
 - MFRS 3 ‘Business combinations’
 - MFRS 13 ‘Fair value measurement’, and
 - MFRS 140 ‘Investment property’
- Amendments to MFRS 119 ‘Employee benefits – defined benefits plans: Employee contributions

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 2016

- Amendments to MFRS 11 ‘Accounting for Acquisitions of Interests in Joint Operations’
- Amendments to MFRS 116 ‘PPE’ and FRS 138 ‘Intangible Assets’ – Clarification of acceptable methods of depreciation and amortization
- 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 venture
- Amendments to MFRS 127 ‘Separate financial statements’ – equity accounting in separate financial statements
- Annual Improvements to MFRS 2012-2014 Cycle, amendments to:
 - MFRS 5 ‘Non-current assets held for sale and discontinued operations’
 - MFRS 7 ‘Financial instruments: Disclosures’
 - MFRS 119 ‘Employee benefits’ and
 - MFRS 134 ‘Interim financial reporting’

Effective for financial periods beginning on or after 1 January 2018

- MFRS 15 ‘Revenue’
- MFRS 9 ‘Financial instruments’

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 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 2014 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 other than those disclosed as follows:

1. Mesiniaga SSO Sdn Bhd and Mesiniaga Technique Sdn Bhd, two wholly owned subsidiaries 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 and 4.1.2013, respectively. The process of voluntary winding up cycle is pending to be completed.

2. The Company had on 6 July 2015 incorporated a new subsidiary under the name of Mesiniaga Mobility Sdn Bhd with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 per share. While its issued and paid-up capital upon incorporation is RM100, its issued and paid-up capital is to be increased to RM 100,000 divided into 100,000 ordinary shares of RM1.00 each in due course. The Group owns 80% of Mobility Sdn Bhd and the remaining is being held by Alltrix Sdn Bhd.

The principal activities of Mobility Sdn Bhd are developing, marketing and operating a mobile workforce management system.

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 RM146.6 million for the first nine months ended 30 September 2015, a reduction of 18.1% as compared to the corresponding period in the previous year of RM179.0 million. A loss before tax of RM14.7 million was recorded in the first nine months of 2015, compared to a loss before tax of RM9.9 million in the previous corresponding period.

The losses incurred by the Group are mainly related to lower revenues, currency exchange losses of RM3.9 million, one-time related expenses of RM9 million to complete delayed projects, impact of GST implementation and Resource Restructuring Programme.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

For the quarter ended 30 September 2015, the Group recorded revenue of RM48.2 million, a slight reduction of 2.6% as compared to RM49.5 million in the immediately preceding quarter. The Group recorded a loss before tax of RM3.7 million in the current quarter as compared to a RM5.7 million loss in the immediately preceding quarter.

The loss in the third quarter was mainly attributed to lower than expected revenues and currency exchange losses of RM 2.5 million for the quarter.

B3. PROSPECTS

In order to address key challenges faced by the Group, the management will continue to focus and execute its business recovery plan which aims to improve overall customer engagement and sales performance. This includes implementing revenue and margin growth initiatives driven by stronger product differentiation and innovation. Additionally, cost management initiatives will be carried out to drive down our overall cost structure as well as strengthening overall delivery capabilities within the Group.

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 30.09.2015 RM'000	9 months Cumulative to 30.09.2015 RM'000
<u>Major components of tax expenses:</u>		
Current year tax	300	590
Deferred tax	(335)	(650)
Tax expense	(35)	(60)
Zakat	0	0
	(35)	(60)

Deferred tax assets have been recognised as the Management expects to derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences of certain entities within the Group having a history of losses.

B6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and material transactions of 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 2015 are as follows:

	As at 30.09.2015 RM '000
Short term borrowings	
<i>Unsecured</i>	
Loan denominated in USD	9,881
Other short term borrowings	3,346
	<u>13,227</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

On 30 September 2015, the Company announced that, the Company had on 10 September 2015 received a Writ of Summons together with a Statement of Claim dated 9 September 2015 filed by Originex Networks Sdn Bhd ("Plaintiff").

Subsequent to the receipt of the Writ of Summons and Statement of Claim, the Company had on 30 October 2015 filed its defence against the claim for unpaid invoices and submitted a counterclaim based on the Supplier's Agreement entered between Originex Networks Sdn Bhd and the Company on 12 December 2011.

The Company wishes to add that while the outcome of the Writ of Summons would not have any material impact on both the Company's finance and operations, a positive impact on the Company's profits could be registered if Company were to succeed in its counterclaim.

B12. DIVIDENDS

The directors do not recommend the payment of any interim dividend in the quarter under review and final dividend in respect of the financial year ended 31 December 2014.

The payment of first and final single tier dividend in respect of the financial year ended 31 December 2013 of 10 sen per share, amounting to RM6,040,200 was paid on 9 July 2014.

B13. EARNINGS PER SHARE

	Quarter Ended 30.09.2015	9 months Cumulative 30.09.2015
Basic and Diluted Earnings		
	RM'000	RM'000
Profit/(loss) attributable to the equity holders of the Company	(3,924)	(15,486)
Weighted average number of ordinary shares in issue	60,402	60,402
Basic earnings/(loss) per share (sen)	(6.50)	(25.64)

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 30.09.2015 RM'000	9 months Cumulative 30.09.2015 RM'000
<u>Related party</u>		
Subsidiary companies		
- Purchase of goods	0	390
- Purchase of services	10,276	21,332
- Sales of goods	36	54
- Sales of services	93	241

B15. CAPITAL COMMITMENT

There is capital commitment for the Group in respect of property, plant and equipment not provided for as of 30 September 2015.

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

		As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
	Retained profit		
-	Realised	33,661	71,068
-	Unrealised	16,642	(5,279)
	TOTAL RETAINED PROFITS	50,303	65,789

B17. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		9 months Cumulative	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit for the period is arrived at after charging:				
Interest expense	202	232	744	403
Depreciation	1,808	1,837	5,408	5,369
Foreign loss/(gain)	2,496	(39)	3,930	(725)
and after crediting:				
Interest income	122	117	355	476

By Order of the Board

Jasni Abdul Jalil (MACS 01359)
Company Secretary
27 November 2015