



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

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

	Unaudited 30.9.2018 RM'000	Audited 31.3.2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	13,873	13,261
Investment properties	763	768
Development expenditure	*	*
Goodwill on consolidation	6,829	6,829
Deferred tax assets	168	292
	<hr/>	<hr/>
	21,633	21,150
CURRENT ASSETS		
Trade receivables	3,268	3,129
Other receivables, deposits and prepayments	1,714	1,780
Short-term deposit	1,942	1,018
Cash and bank balances [#]	14,851	12,581
	<hr/>	<hr/>
	21,775	18,508
TOTAL ASSETS	<hr/> 43,408	<hr/> 39,658



MYKRIS INTERNATIONAL BERHAD (811039-T)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018 (CONT'D)**

	Unaudited 30.9.2018 RM'000	Audited 31.3.2018 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,000	13,000
Retained profits	18,686	15,175
TOTAL EQUITY	31,686	28,175
NON-CURRENT LIABILITIES		
Hire purchase payables	102	210
Term loan	6,608	6,857
	6,710	7,067
CURRENT LIABILITIES		
Trade payables	1,445	653
Other payables and accruals	1,816	2,559
Hire purchase payables	212	207
Term loan	499	499
Current tax liabilities	1,040	498
	5,012	4,416
TOTAL LIABILITIES	11,722	11,483
TOTAL EQUITY AND LIABILITIES	43,408	39,658
NET ASSETS PER SHARE (RM)**	0.12	0.11

* Represents RM34

Yet to include the proceeds from the Excluded Issue (as defined in Note A14) which was completed on 4 October 2018.

** Net assets per share is calculated based on the Company's number of issued shares at the end of the relevant reporting period. The Company's issued shares prior to the Excluded Issue (as defined in Note A14) were 260,002,800 ordinary shares.

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 2018 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD (811039-T)
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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 2018

	Individual 6 months ended		Cumulative 6 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
REVENUE	18,711	16,271	18,711	16,271
COST OF SALES	(7,333)	(6,168)	(7,333)	(6,168)
GROSS PROFIT	11,378	10,103	11,378	10,103
OTHER INCOME	111	164	111	164
	11,489	10,267	11,489	10,267
ADMINISTRATIVE EXPENSES	(4,800)	(4,098)	(4,800)	(4,098)
SELLING AND DISTRIBUTION EXPENSES	(984)	(1,151)	(984)	(1,151)
OTHER OPERATING EXPENSES	(855)	(1,351)	(855)	(1,351)
FINANCE COSTS	(11)	(16)	(11)	(16)
PROFIT BEFORE TAXATION	4,839	3,651	4,839	3,651
INCOME TAX EXPENSE	(1,328)	(157)	(1,328)	(157)
PROFIT AFTER TAXATION	3,511	3,494	3,511	3,494
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	3,511	3,494	3,511	3,494
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	3,511	3,494	3,511	3,494
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	3,511	3,494	3,511	3,494
EARNINGS PER SHARE(SEN)				
- Basic/Diluted**	1.35	1.34	1.35	1.34

** Earnings per share is computed based on total number of sub-divided issued shares of 260,002,800. Total number of issued shares for FPE 31.9.2017 has incorporated sub-division of shares on 24 January 2018 for comparative purposes.

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 2018 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD (811039-T)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018**

The Group	Share Capital RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Total Equity RM'000
Balance at 1.4.2017	13,000	9,052	22,052	22,052
Profit after taxation for the financial year	-	3,494	3,494	3,494
Distributions to owners of the Company:- - Dividend:- - by the Company	-	(1,000)	(1,000)	(1,000)
Balance at 30.9.2017	13,000	11,546	24,546	24,546
Balance at 1.4.2018	13,000	15,175	28,175	28,175
Profit after taxation for the financial year	-	3,511	3,511	3,511
Balance at 30.9.2018	13,000	18,686	31,686	31,686

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 2018 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD (811039-T)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018**

	Unaudited 6 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Profit before taxation	4,839	3,651
Adjustments for:-		
Depreciation of property and equipment	1,106	922
Depreciation of investment properties	5	5
Impairment losses on trade receivables	59	208
Interest expense	8	15
Gain on disposal of property and equipment	-	(29)
Interest income	(39)	(71)
Writeback of impairment losses on receivables	(20)	(53)
Operating profit before working capital changes	5,958	4,648
(Increase)/Decrease in trade and other receivables	(112)	269
Increase /(Decrease) in trade and other payables	49	(5,783)
CASH FROM/ (FOR) OPERATIONS	5,895	(866)
Interest paid	(8)	(15)
Income tax paid	(663)	(523)
NET CASH FROM/ (FOR) OPERATING ACTIVITIES	5,224	(1,404)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018 (CONT'D)**

	Unaudited 6 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	39	71
Proceeds from disposal of property and equipment	-	29
Purchase of property and equipment	(1,717)	(2,124)
NET CASH FOR INVESTING ACTIVITIES	(1,678)	(2,024)
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES		
Dividend paid	-	(800)
Drawdown of term loan	-	1,395
Repayment to directors	-	(49)
Net upliftment/(placement) of fixed deposits with maturity of more than 3 months	-	2,016
Repayment of hire purchase obligations	(103)	(112)
Repayment of term loan	(249)	-
NET CASH (FOR)/ FROM FINANCING ACTIVITIES	(352)	2,450
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,194	(978)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,599	12,224
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16,793	11,246

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 2018 and the accompanying explanatory notes attached to this interim financial report.



MYKRIS INTERNATIONAL BERHAD (811039-T)
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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018

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**”) and International Financial Reporting Standards, 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):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 - Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019



MYKRIS INTERNATIONAL BERHAD (811039-T)
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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018 (CONT'D)

A1. BASIS OF PREPARATION (CONT'D)

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:- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 2018 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 6-month FPE 30 September 2018.

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 2018.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the 6-month FPE 30 September 2018.



MYKRIS INTERNATIONAL BERHAD (811039-T)
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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018 (CONT'D)

A7. DIVIDENDS PAID

	Unaudited 6 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000
Declared:-		
Final dividend of approximately RM0.0077 per ordinary share in respect of the financial year ended 31 March 2017 which was paid on 20 October 2017 (based on 130,001,400 MyKRIS Shares)	-	1,000
	<u>-</u>	<u>1,000</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	
	30.9.2018 RM'000	30.9.2017 RM'000
Managed network services	17,376	15,364
Project-based revenue	-	-
IT-based products and services	1,335	907
	<u>18,711</u>	<u>16,271</u>



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018 (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 99.1% of the Group's revenue in 6-month FPE 30 September 2018.

A9. PROFIT BEFORE TAXATION

	Unaudited 6 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000
Profit before taxation is arrived:-		
After charging:-		
Auditor's remuneration:		
- statutory	25	25
- non-statutory	4	4
Depreciation of property and equipment	1,106	922
Depreciation of investment properties	5	4
Impairment losses on receivables	59	208
Directors' non-fee emoluments:		
- salaries and bonuses	189	214
- other emoluments	42	45
Interest expense:		
- hire purchase interest	8	13
- term loan interest	-	2
Staff costs:		
- salaries, bonuses and overtime	2,498	2,168
- defined contribution plan	312	275
- other benefits	138	161
After crediting:-		
Gain on disposal of property and equipment	-	(29)
Interest income	(39)	(71)
Realised (gain)/ loss on foreign exchange	(3)	10
Writeback of impairment losses on receivables	(20)	(53)



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FPE 30 SEPTEMBER 2018 (CONT'D)

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation on property, plant and equipment done during 6-month FPE 30 September 2018.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during 6-month FPE 30 September 2018.

A12. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2018.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 30 September 2018.

A14. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING PERIOD

Save as disclosed below, there were no material events subsequent to the end of the reporting that have not been reflected in the interim financial statement:-

On 1 October 2018, 39,997,200 new ordinary shares of the Company were allotted to investors who fall within Part 1 of Schedule 6 or 7 of the Capital Markets and Services Act 2007 at an issue price of RM0.20 per ordinary share ("**Excluded Issue**").

Subsequently, on 4 October 2018, the Company's entire enlarged issued share capital of RM20,999,580 comprising 300,000,000 ordinary shares were listed on the LEAP Market of Bursa Securities.



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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group's revenue increased by approximately 15.0% from approximately RM16.27 million in 6-month FPE September 2017 ("FPE 2017") to RM18.71 million in 6-month FPE 30 September 2018 ("FPE 2018"), whilst the profit before tax increased from approximately RM3.65 million in FPE 2017 to approximately RM4.84 million in FPE 2018.

Revenue from managed networks services increased from approximately RM15.36 million in FPE 2017 to approximately RM17.38 million in FPE 2018, mainly due to the increasing demand from new customers and upgrade of packages by its existing customers. Accordingly, the Group recorded a gross profit of RM11.38 million as compared to approximately RM10.10 million recorded in FPE 2017, representing an increase of 12.6%.

In line with the increase in revenue and gross profit, the Group recorded a higher profit before tax of approximately RM4.84 million in FPE 2018 despite the one-off listing expenses incurred in FPE 2018 amounting to approximately RM0.44 million.

The Group incurred tax expenses of RM1.33 million in FPE 2018 as compared to RM0.16 million incurred in FPE 2017. The increase in tax expenses was due to the expiry of the Pioneer Status of MyKRIS Net (MSC) Sdn Bhd, a subsidiary of the Group on 30 September 2017, which previously allowed the subsidiary to enjoy 100% income tax exemption on profit generated from pioneer activities. Despite the increase in tax expenses, the profit after tax increased from RM3.49 million in FPE 2017 to approximately RM3.51 million in FPE 2018.

B2. COMMENTARY ON PROSPECTS

As disclosed in the Information Memorandum of the Company dated 18 July 2018, the Group has put in place a series of future plans as follows:

- (i) enhancing our service package offerings and intensifying marketing and promotional activities;
- (ii) grow the managed network service business through the expansion of network coverage within Malaysia; and
- (iii) penetrate other countries in Southeast Asia to offer managed network services.

Barring any unforeseen circumstances, the Board is of the opinion that prospects of the Group's financial performance for the financial year ending 31 March 2019 will remain favourable.

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.



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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	Actual utilisation*	Proceeds balance	Estimated timeframe for use upon listing
	RM'000	RM'000	RM'000	
Expansion of business and operational facilities	2,600	-	2,600	Within 24 months
Working capital	3,399	92	3,307	Within 18 months
Relocation and renovation of our headquarters	1,000	14	986	Within 12 months
Estimated listing expenses	1,000	967	33	Within 3 months
Total	7,999	1,073	6,926	

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

* As at the date of this report, save for RM1.07 million which has been utilised to defray the listing expenses incurred, renovation of headquarters and working capital, the remaining proceeds have yet to be utilised.

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. DIVIDENDS

On 12 November 2018, the Board declared a first interim dividend of 1.0 sen per Share on 300 million MyKRIS Shares amounting to RM3.0 million in respect of the financial year ending 31 March 2019. The entitlement date for the first interim dividend is 19 November 2018 and will be paid on 26 November 2018.

This report is dated 12 November 2018.