

MESINIAGA BERHAD (79244-V)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2013

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 2012 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 annual financial statement for the year ended 31 December 2012 except for the adoption of the following new/revised Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and interpretations that are applicable and effective to the Group for the financial year beginning 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 13	Fair Value Measurement
The revised MFRS 127	Separate Financial Statements
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 119	Employee Benefits
Amendment to MFRS 7	Financial Instruments: Disclosures

The adoption of these standards and amendments does not have any impact to the result of the Group for the quarter under review except the following:

The adoption of MFRS 119 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosure for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. The financial impact to the Group on initial adoption of the standard, as per restated in the changes to the statement of financial position, are summarised as follows:

Statement of financial Position

(i) Other deferred liabilities – Employee benefits

			31 December 2012 RM '000
As previously stated			1,736
- Effects of MFRS 119			1,733
As restated			<u>3,469</u>

(ii) Deferred tax liabilities

			31 December 2012 RM '000
As previously stated			3,397
- Effects of MFRS 119			(433)
As restated			<u>2,964</u>

(iii) Retained earnings

			31 December 2012 RM '000
As previously stated			120,062
- Effects of MFRS 119			(1,300)
As restated			<u>118,762</u>

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to standards and interpretation that have been issued by the Malaysian Accounting Standard Board that are applicable to the Group in the following financial periods:

Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 Financial Instruments: Presentation

Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's Annual Financial Statements for the year ended 31 December 2012 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. The final dividend in respect of financial year ended 31 December 2012 has been recommended as per Note B12.

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 changes in composition of the Group during the interim period, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructurings, and discontinuing operations, except the following 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:

- Mesiniaga SSO Sdn Bhd had
- Mesiniaga Technique Sdn Bhd

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 a revenue of RM 73.4 million and profit before tax of RM 2.3 million in the 3 months ended 31 March 2013, representing a 25.9% increase over the RM58.3 million revenue and 8.6% increase over the RM 2.1 million profit before tax for the same period in 2012.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

The Group's RM 73.4 million revenue and RM 2.3 million profit before tax in the first 3 months ended 31 March 2013 is 24% below the RM 91.1 million revenue and 65% below the RM 6.6 million profit before tax for the immediately preceding quarter. The fourth quarter has historically yielded a high percentage of the Group's results.

B3. PROSPECTS

Whilst market conditions remain challenging, Management anticipates the Group's performance to be profitable in financial year 2013.

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 31.03.2013 RM'000	3 months Cumulative to 31.03.2013 RM'000
<u>Major components of tax expenses:</u>		
Current year tax	598	598
Deferred tax	30	30
Tax expense	628	628
Zakat	0	0
	628	628
<u>Reconciliation</u>		
Tax at the statutory income tax rate	25.0%	25.0%
Depreciation of non-qualifying assets and other non-qualifying expenses/(adjustment)	2%	2%
	27%	27%

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 31 March 2013 are as follows:

	As at 31.03.2013 RM '000
Short term borrowings	
<i>Unsecured</i>	
Onshore loan denominated in USD	12,616
Banker Acceptance	18,493
	<u>31,109</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

There is no pending material litigation as at the date of this report.

B12. DIVIDENDS

The Board of Directors has recommended the payment of a final gross dividend in respect of the financial year ended 31 December 2012 of 21 sen per share, less tax at 25% amounting to RM9,513,315 subject to the approval of the members at the forthcoming Annual General Meeting.

The current quarter does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings accordingly. Upon approval, the final dividend will be paid on 5 July 2013 to shareholders whose names appear in the Record of Depositors on 20 June 2013.

The first and final gross dividend in respect of the financial year ended 31 December 2011 of 21 sen per share, less tax at 25%, amounting to RM9,513,315 was paid on 7 July 2012.

B13. EARNINGS PER SHARE

	Quarter Ended 31.03.2013	3 months Cumulative 31.03.2013
Basic and Diluted Earnings	RM'000	RM'000
Profit attributable to the equity holders of the Company	1,282	1,165
Weighted average number of ordinary shares in issue	60,402	60,402
Basic earnings per share (sen)	2.12	1.93

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 31.03.2013 RM'000	3 months Cumulative 31.03.2013 RM'000
<u>Related party</u>		
Subsidiary companies		
- Purchase of goods	29	29
- Purchase of services	21,701	21,701
- Sales of goods	118	118
- Sales of services	163	163

B15. CAPITAL COMMITMENT

There is no capital commitment for the Group in respect of property, plant and equipment as of 31 March 2013.

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

		As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
			Restated
	Retained profit		
-	Realised	107,575	103,601
-	Unrealised	12,469	15,161
	TOTAL RETAINED PROFITS	120,044	118,762

B17. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		3 months Cumulative	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Profit for the period is arrived at after charging:				
Interest expense	149	8	149	8
Depreciation	1,826	1,649	1,826	1,649
Foreign loss/(gain)	(720)	(1,546)	(720)	(1,546)
and after crediting:				
Interest income	155	164	155	164

By Order of the Board

Jasni Abdul Jalil (MACS 01359)

Company Secretary

29 May 2013