

**MESINIAGA BERHAD (79244-V)**  
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 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 paid 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 RM281.0 million for the year ended 31 December 2013, a reduction of 13% as compared to the corresponding period in the previous year of RM324.6 million. A loss before tax of RM2.8 million was recorded in 2013, compared to a profit before tax of RM15.6 million in the previous corresponding period.

The loss was the result of lower revenue which was mainly attributed to lower revenue contribution from the Public Sector; higher cost incurred from certain delayed projects; and cost impact from the strengthening of the US Dollar against Ringgit during the period under review especially during the fourth quarter 2013.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

For the quarter ended 31 December 2013, the Group recorded revenue of RM69.2 million as compared to RM75.2 million in the immediately preceding quarter. The Group recorded a loss before tax of RM8.0 million in the current quarter as compared to a RM2.1 million profit in the immediately preceding quarter.

B3. PROSPECTS

The Group recently underwent a major leadership and organisational restructuring in January, 2014 in an effort to improve overall Group performance. Management focus will be improving the order book, driving higher margin services portfolio, and cost management initiatives. Whilst market conditions remain challenging, Management anticipates the Group's performance to be profitable in financial year 2014.

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 31.12.2013 RM'000	12 months Cumulative to 31.12.2013 RM'000
<b><u>Major components of tax expenses:</u></b>		
Current year tax	2,886	4,933
Deferred tax	(1,308)	(1,958)
Tax expense	1,578	2,975
Zakat	0	180
	1,578	3,155

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 December 2013 are as follows:

	As at 31.12.2013 RM '000
<b>Short term borrowings</b>	
<i>Unsecured</i>	
Onshore loan denominated in USD	9,787
Other short term borrowings	2,853
	<b>12,640</b>

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 payment of a first and final gross dividend in respect of the financial year ended 31 December 2012 of 21 cents per share less tax at 25% amounting to RM 9,513,315 was paid on 5 July 2013.

The payment of a 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 RM 9,513,315 was paid on 6 July 2012.

B13. EARNINGS PER SHARE

	Quarter Ended 31.12.2013	12 months Cumulative 31.12.2013
<b>Basic and Diluted Earnings</b>		
	RM'000	RM'000
Profit attributable to the equity holders of the Company	(10,122)	(7,644)
Weighted average number of ordinary shares in issue	60,402	60,402
Basic earnings/(loss) per share (sen)	(16.76)	(12.66)

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 31.12.2013 RM'000	12 months Cumulative 31.12.2013 RM'000
<b><u>Related party</u></b>		
Subsidiary companies		
- Purchase of goods	601	802
- Purchase of services	22,234	88,169
- Sales of goods	0	372
- Sales of services	12,064	12,521

B15. CAPITAL COMMITMENT

Capital commitments for the Group in respect of property, plant and equipment not provided for as of 31 December 2013 are as follows:

	RM'000
Approved and not contracted for	0
Approved and contracted for	350

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

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
		Restated
Retained profit		
- Realised	86,645	103,601
- Unrealised	15,375	15,161
<b>TOTAL RETAINED PROFITS</b>	<b>102,020</b>	<b>118,762</b>

B17. ADDITIONAL DISCLOSURES

RM'000	Quarter ended		12 months Cumulative	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>Profit for the period is arrived at after charging:</b>				
Interest expense	172	633	1,216	1,060
Depreciation	1,794	1,725	7,381	6,816
Foreign loss/(gain)	(359)	(1,602)	(871)	(5,408)
<b>and after crediting:</b>				
Interest income	166	272	584	719

By Order of the Board

Jasni Abdul Jalil (MACS 01359)

Company Secretary

28 February 2013