Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 31 March 2024

	2024	2023	2024	2023
	CURRENT Qtr ended 31-Mar (RM '000)	Comparative Qtr ended 31-Mar (RM '000)	3 Months Cumulative to-date (RM '000)	3 Months Cumulative to-date (RM '000)
Revenue	53,059	57,361	53,059	57,361
Operating expenses	(54,645)	(56,875)	(54,645)	(56,875)
Depreciation	(360)	(408)	(360)	(408)
Other operating income	4,822	138	4,822	138
Profit from operations	2,876	216	2,876	216
Finance costs	(121)	(106)	(121)	(106)
Finance income	219	107	219	107
Profit before tax	2,974	217	2,974	217
Taxation and Zakat	(30)	(30)	(30)	(30)
Profit after tax	2,944	187	2,944	187
Other Comprehensive gain	-	-	-	-
Total Comprehensive profit	2,944	187	2,944	187
Profit/(loss) attributable to:				
- Equity holders of the Company	3,009	180	3,009	180
- Non-controlling interest	(65)	7	(65)	7
	2,944	187	2,944	187
Total comprehensive income/(loss) for the financial year attributable to:				
- Equity holders of the Company	3,009	180	3,009	180
- Non-controlling interest	(65)	7	(65)	7
	2,944	187	2,944	187
Earning per share for profit attributable to the equity holders of the Company during the period				
Profit Per Share - Basic	4.98	0.30	4.98	0.30

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2023)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Financial Position
As at 31 March 2024

	As at 31.3.2024 (RM '000)	Audited As at 31.12.2023 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	34,784	34,926
Services inventories	6,093	5,565
Contract assets	9,158	2,669
Finance lease receivable	2,804	3,075
Trade and other receivables	55	60
Deferred tax assets	2,400	2,400
	55,294	48,695
Current assets		
Inventories	4,798	6,572
Services inventories	11,802	10,685
Contract assets	64,129	56,984
Receivables	39,811	51,677
Tax recoverable	180	187
Deposits with licensed financial institutions	14,498	38,246
Cash and bank balances	25,117	26,199
	160,335	190,550
TOTAL ASSETS	215,629	239,245
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	64,528	64,528
Reserves	48,888	45,879
	113,416	110,407
Non-controlling interest	7,173	7,238
Total equity	120,589	117,645
Non-current liabilities		
Other deferred liabilities	7,696	8,131
Bank term loan	165	248
	7,861	8,379
Current liabilities		
Trade and other payables	56,792	77,822
Contract liabilities	21,452	24,865
Short term borrowing	8,605	10,204
Bank term loan	330	330
	87,179	113,221
Total liabilities	95,040	121,600
TOTAL EQUITY AND LIABILITIES	215,629	239,245
Net asset per share attributable to ordinary equity holders of the parent (RM	1.8777	1.8279

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2023)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statement of Cash Flow
For the first quarter ended 31 March 2024

	2024 3 months ended 31-Mar (RM '000)	2023 3 months ended 31-Mar (RM '000)
Cash Flows From Operating Activities		
Net profit attributable to shareholders	2,944	187
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	360	408
Taxation	30	30
Interest expense	121	106
Interest income	(219)	(107)
Retirement benefits	100	-
Unrealised foreign exchange Gain	375	(30)
	3,711	594
Changes in working capital:		
Inventories	1,774	(7,088)
Receivables	(3,160)	1,403
Payables	(25,216)	(4,594)
Net cash used in from operations	(22,891)	(9,685)
Net taxation paid	(24)	(34)
Retirement benefits paid	(310)	(350)
Net cash used in from operating activities	(23,225)	(10,069)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(218)	(227)
Interest received	217	106
	(1)	(121)
Cash Flows From Financing Activities		
Interest paid	(57)	(72)
Repayment of lease liabilities	(267)	(740)
Repayment of term loan	(83)	(83)
Net drawndown of short term borrowing	(1,599)	904
Net decrease/(increase) in restricted deposits	68	(1,717)
	(1,938)	(1,708)
Net decrease in cash and cash equivalents	(25,164)	(11,898)
Effect of foreign exchange translation	237	74
Cash and cash equivalents b/f	58,917	52,285
Cash and cash equivalents c/f	33,990	40,461

Cash and cash equivalents comprise :

	2024	2023
Deposits with licensed financial institutions	14,498	23,783
Cash and bank balances	25,117	22,852
Total deposits, cash and bank balances	39,615	46,635
Less: restricted cash	(5,460)	(6,027)
Less: deposits maturing more than three months	(165)	(147)
Cash and cash equivalents	33,990	40,461

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Annual Financial Statements for the year ended 31st December 2023)

Mesiniaga Berhad
Registration number: 198101013112 (79244V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Changes in Equity
For the first quarter ended 31 March 2024

	Share Capital (RM '000)	Retirement benefit reserves (RM '000)	Retained Earnings (RM '000)	Total (RM '000)	Non-controlling Interest (RM '000)	Total (RM '000)
3 months quarter ended 31 March 2024						
Balance at beginning of year	64,528	(3,520)	49,399	110,407	7,238	117,645
Total comprehensive income for the period	-	-	3,009	3,009	(65)	2,944
Balance at end of period	64,528	(3,520)	52,408	113,416	7,173	120,589
3 months quarter ended 31 March 2023						
Balance at beginning of year	64,528	(2,229)	48,516	110,815	7,276	118,091
Total comprehensive income for the period	-	-	180	180	7	187
Balance at end of period	64,528	(2,229)	48,696	110,995	7,283	118,278

(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 2023)

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"), 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 2023. The audited financial statements of the Group for the year ended 31 December 2023 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016. The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following Amendments to MFRS during the current financial period:

- Amendments to MFRS 101 Classification of liabilities as current or non-current
- Amendments to MFRS 101 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure - Supplier Finance Arrangements

<u>Amendments effective for financial periods beginning on or after 1 January 2025</u>:

- Amendments to MFRS 121 'Lack of Exchangeability'

Amendments to MFRS 12 "Lack of Exchangeability" will be adopted by the Group for financial period 2025 when it comes into effect on 1 January 2025.

The effective dates of the following Amendments to Standards are pending announcement:

- Amendments to MFRS 10 Consolidated Financial Statements
- MFRS 128 Investment in associates and joint ventures - Sale or contribution of assets between an investor and its associates/joint ventures

Based on the work performed to-date, the Group currently does not expect the impact to be significant upon the adoption on their respective effective dates.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audit Report of the Group's Annual Financial Statements for the year ended 31 December 2023 was not subject to any qualification.

A3. SEASONALITY OR CYCLICALITY OPERATIONS

The Group's operations were 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 2023 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. <u>VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT</u>

The values of property, plant and equipment have been brought forward without amendment from previous annual financial statements.

A10. <u>SUBSEQUENT MATERIAL EVENTS</u>

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. <u>CHANGES IN THE COMPOSITION OF THE GROUP</u>

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.

A12. <u>CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS</u>

There were no contingent liabilities or contingent assets to be disclosed.

B. BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF THE PERFORMANCE

The Group's revenue was RM53.1 million for the first quarter of 2024, 7.5% lower than the RM57.4 million for the corresponding period in 2023. A profit before tax of RM3.0 million was recorded in the first quarter of 2024, compared to a profit before tax of RM0.2 million in the same period of 2023. The lower revenue was mainly due to the deferment of some projects, particularly from the Telecommunications sector.

Included in Other Operating Income is the High Court Award in favour of Mesiniaga in relation to a contractual dispute with Amanah Raya Berhad (ARB). ARB is not appealing against the decision of the High Court. Excluding this item, the Group's loss from operation was RM2.3 million.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

The Group's current quarter revenue of RM53.1 million was 27.3% lower than the RM73.0 million recorded in the preceding quarter. The current quarter's profit before tax of RM3.0 million improved by 36.4% compared to RM2.2 million recorded in the preceding quarter. The fourth quarter had historically yielded a higher percentage of the Group's results. The improved profit before tax was due to the High Court Award in favour of Mesiniaga in relation to a contractual dispute with ARB.

B3. PROSPECTS

The Group is actively implementing cost rationalisation measures, including a one-off Resource Restructuring Program aimed at long-term efficiency improvement. With ongoing projects and a commitment to cost optimisation, we maintain an optimistic outlook for 2024.

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 31.03.2024 RM'000	3 months Cumulative to 31.03.2024 RM'000
	Major components of tax expenses:		
	Current year tax	827	827
	Deferred tax	(797)	(797)
	Tax expense	30	30
	Zakat	0	0
		30	30

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences of a subsidiary due to uncertainty of its recoverability.

B6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and 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 2024 are as follows:

		As at 31.03.2024 RM '000
	Short term borrowings	
	Banker acceptance	8,605
	Unsecured	
	Term loan	330
	Secured	
		8,935
	Long term loan	
	Term loan	165
	Secured	
		9,100

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this report.

B11. MATERIAL LITIGATION

No material litigation was initiated by or against the Company during the quarter.

In February 2017, ARB initiated legal proceedings in the High Court of Kuala Lumpur, alleging that Mesiniaga breached a contract for Amanah Raya Integrated System ("ARIS Project"). ARB claimed damages of RM8,228,975.32 for wasted expenditures and payments already made to Mesiniaga. Mesiniaga then filed its counterclaim against ARB for RM18,651,594.00, the total sum for unpaid invoices, additional costs incurred, and the balance purchase price under the contract.

On 14 December 2023, the High Court ruled in favour of Mesiniaga and partially allowed Mesiniaga's counterclaim. The amounts awarded to Mesiniaga by the Court were RM6,638,396 and legal costs of RM200,000.00

On 12 January 2024, ARB filed a Notice of Appeal against the High Court Judgement dated 14 December 2023.

On 25 March 2024, Mesiniaga filed a Notice of Cross-Appeal to the Court of Appeal.

On 8 April 2024, the case came to a closure when ARB withdrew the Notice of Appeal dated 12 January 2024, and the Company withdrew its Notice of Cross-Appeal.

B12. PROPOSED DIVIDEND

For the financial year ended 31 December 2023, the Board of Directors has recommended a first and final single-tier cash dividend of 2.5 sen per share (2022: 5 sen), amounting to RM1,510,050 subject to the shareholders' approval at the forthcoming Annual General Meeting.

Upon shareholders' approval, the first and final dividend will be paid on 3 July 2024 to shareholders whose names appear in the Record of Depositors on 6 June 2024.

B13. EARNINGS PER SHARE

		Quarter Ended 31.03.2024		3 months Cumulative 31.03.2024
	Basic and Diluted Earnings			
		RM'000		RM'000
	Profit attributable to the ordinary equity holders of the Company	3,009		3,009
	Weighted average number of ordinary shares in issue ('000)	60,402		60,402
	Basic/diluted earnings per share (sen)	4.98		4.98

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 as transactions with unrelated parties.

The significant related party transactions are as follows:

		Quarter Ended 31.03.2024 RM'000	3 months Cumulative 31.03.2024 RM'000
	Related party		
	Subsidiary companies		
	- Purchase of services	8,089	8,089
	- Sales of services	72	72

B15. CAPITAL COMMITMENT

Capital commitments for the Group in respect of property, plant and equipment not provided for as of 31 March 2024 are as follows:

		RM'000
	Approved and not contracted for	NIL
	Approved and contracted for	1,085

B16. ADDITIONAL DISCLOSURES

RM'000	Quarter ended 31.03.2024	Quarter ended 31.03.2023	3 months Cumulative 31.03.2024	3 months Cumulative 31.03.2023
Profit/(loss) for the period is arrived at after charging:				
Interest expense	121	106	121	106
Depreciation	360	408	360	408
Foreign exchange gain	22	411	22	411
and after crediting:				
Interest income	219	107	219	107

By Order of the Board
Deborah Sharmini Benjamin (MAICSA 7077164)
Company Secretary
30 May 2024