

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

	2007 CURRENT QUARTER ENDED 12/31/2007 RM'000	2006 COMPARATIVE QUARTER ENDED 12/31/2006 RM'000 Restated	2007 12 MONTHS CUMULATIVE TO 12/31/2007 RM'000	2006 12 MONTHS CUMULATIVE TO 12/31/2006 RM'000 Restated
Revenue	41,008	42,765	134,753	141,236
Operating Expenses	(38,906)	(42,002)	(130,532) **	(139,062)
Other Income	<u>(249)</u>	<u>289</u>	<u>299</u>	<u>1,105</u>
Profit/(loss) from Operations	1,853	1,052	4,520	3,279
Finance costs	(1,299)	(624)	(3,566)	(2,193)
Share of results of an associate	<u>120</u>	<u>0</u>	<u>445</u>	<u>0</u>
Profit/(loss) before tax	674	428	1,399	1,086
Taxation	<u>(677)</u>	<u>(119)</u>	<u>(1,292)</u>	<u>(626)</u>
Profit/(loss) for the period	<u>(3)</u>	<u>309</u>	<u>107</u>	<u>460</u>
<b>Attributable to:</b>				
Equity holders of the parent	55	258	110	210
Minority interests	<u>(58)</u>	<u>51</u>	<u>(3)</u>	<u>250</u>
	<u>(3)</u>	<u>309</u>	<u>107</u>	<u>460</u>
Earnings/(Loss) per share (sen)				
(a) Basic	0.13	0.61	0.26	0.50
(b) Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note no. 1 \*\* - Operating Expenses for 12 months cumulative ending 31 December 2007 consists of the following :-

	RM'000
Cost of sale	78,080
Selling and distribution expenses	23,643
Operating overhead	<u>28,809</u>
	<u>130,532</u>

Note no. 2 - The following comparative figures have been reclassified to conform with the presentation of the current financial year.

	2006 COMPARATIVE QUARTER ENDED 12/31/2006 RM'000	2006 12 MONTHS CUMULATIVE TO 12/31/2006 RM'000
INCOME STATEMENT (EXTRACT):- As previously reported	<u>37,635</u>	<u>123,629</u>
<b>As restated</b>		
Net Revenue	37,635	123,629
Counter rebate	<u>5,130</u>	<u>17,607</u>
Gross Revenue	<u>42,765</u>	<u>141,236</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)

**MESB BERHAD (337554-D)**

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

	<b>AS AT 12/31/2007 RM'000</b>	<b>AS AT 12/31/2006 RM'000</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant & equipment	18,207	18,549
Prepaid land lease payments	2,575	2,605
Investment in associated company	1,105	660
Other investments	22	22
Intangible asset	42	48
Other assets	18,295	15,313
Goodwill on consolidation	24,661	24,661
Current Assets		
Amount owing by contract customers	4,425	4,388
Capital work in progress	66	76
Inventories	19,211	19,471
Debtors	30,624	33,876
Tax Recoverable	855	1,683
Cash and bank balances	13,083	8,731
	<u>68,264</u>	<u>68,225</u>
<b>Total Assets</b>	<u>133,171</u>	<u>130,083</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent :</b>		
Share capital	42,000	42,000
Reserves	3,914	3,795
Capital and Reserves	45,914	45,795
Minority interests	2,642	2,543
<b>Total equity</b>	<u>48,556</u>	<u>48,338</u>
Non-current liabilities		
Hire purchase creditors	447	835
IMTN bond	10,000	0
Term loans	3,852	4,552
Deferred taxation	213	256
	<u>14,512</u>	<u>5,643</u>
Current Liabilities		
Creditors	22,302	25,084
Amount owing to contract customers	3,768	9,787
Amount owing to director	6,746	8,091
Hire purchase creditors	418	414
Term loans	1,371	349
Bankers' acceptances, revolving credit and trust receipts	34,995	32,281
Taxation	503	96
	<u>70,103</u>	<u>76,102</u>
<b>Total liabilities</b>	<u>84,615</u>	<u>81,745</u>
<b>Total equity and liabilities</b>	<u>133,171</u>	<u>130,083</u>
Net Assets per share attributable to ordinary equity holders of the parent	<u>1.09</u>	<u>1.09</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)**



**MESB BERHAD (337554-D)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

	<--- Attributable to equity holders of the parent --->				Minority Interests	Total Equity	
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Capital Reserve RM'000			Total RM'000
At 1 January 2007: -	42,000	5	3,753	37	45,795	2,543	48,338
Subscription of shares in subsidiary	-	-	-	-	-	245	245
Profit after taxation for the financial year	-	-	110	-	110	(3)	107
Overprovision of revaluation reserve in prior years	-	-	-	9	9	-	9
Dividend declared	-	-	-	-	-	(143)	(143)
<b>At 31 December 2007</b>	<b>42,000</b>	<b>5</b>	<b>3,863</b>	<b>46</b>	<b>45,914</b>	<b>2,642</b>	<b>48,556</b>

At 1 January 2006: -	42,000	5	3,543	-	45,548	1,700	47,248
Subscription of shares in subsidiaries	-	-	-	-	-	716	716
Profit after taxation for the financial year	-	-	210	-	210	250	460
Dividend declared	-	-	-	-	-	(123)	(123)
Shares Option granted under ESOS	-	-	-	37	37	-	37
<b>At 31 December 2006</b>	<b>42,000</b>	<b>5</b>	<b>3,753</b>	<b>37</b>	<b>45,795</b>	<b>2,543</b>	<b>48,338</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



**MESB BERHAD (337554-D)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

	12 MONTHS ENDED 12/31/2007 RM'000	12 MONTHS ENDED 12/31/2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before taxation	1,399	1,086
Adjustments for:		
Amortisation of intangible asset	6	6
Amortisation of other investment	1	1
Amortisation of prepaid land lease payments	30	30
Allowance for doubtful debts	353	453
Share of results of an associate	(445)	-
Depreciation of property, plant and equipment	2,189	1,739
Interest income	(143)	(216)
Interest expense	3,556	2,193
Fixed assets written off	800	234
Provision/(write back) for foreseeable loss	75	907
Share options granted under ESOS	-	37
Written down of inventories	-	501
Stock loss	-	17
Gain on disposal of property, plant and equipment	(157)	(497)
Operating profit before working capital and non-current assets changes	7,664	6,491
Changes in working capital and non-current assets:		
Net change in current and non-current assets	(6,113)	(12,248)
Net change in capital work-in-progress	10	363
Net change in current liabilities	(4,127)	4,667
Cash generated from operations	(2,566)	(727)
Income tax paid	(718)	(1,971)
Tax refunded	626	0
Interest paid	(3,556)	(2,193)
Net cash generated from /(used in) operating activities	(6,214)	(4,891)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in associates company	-	(660)
Purchase of property, plant and equipment	(2,653)	(5,312)
Dividend paid to minority interest	(144)	(123)
Interest received	143	216
Proceeds from disposal of property, plant and equipment	164	2,870
Net cash used in investing activities	(2,490)	(3,009)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares to minority interests	245	716
Drawdown of IMTN bond	10,000	-
Bankers' acceptances, term loans, revolving credit and trust receipts	3,035	11,531
Net drawdown/(repayment) of hire purchase Creditors	(384)	(315)
Net cash used in financing activities	12,896	11,932
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,192</b>	<b>4,032</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2007 / 2006</b>	<b>8,891</b>	<b>4,699</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2007/2006</b>	<b>13,083</b>	<b>8,731</b>
Note :		
(1) Cash & Cash Equivalents for the period ended 31 December 2007 consists of the following :-		
Cash & Cash Equivalents	16,296	9,906
Bank Overdraft	(3,213)	(1,175)
	<u>13,083</u>	<u>8,731</u>

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)**



**MESB BERHAD (337554-D)**

**Interim Financial Report for the Quarter Ended 31 December 2007**

The figures have not been audited.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING  
STANDARD 134 (“FRS 134’)**

**A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2006 except for the following revised FRS issued by Malaysia Accounting Standard Board (“MASB”) that are applicable for the Group’s financial period beginning on 1 January 2007:

- FRS 119<sub>2004</sub>(Revised)      Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures.  
(Adoption of 119<sub>2004</sub> will not have any significant impact to the Group)

**FRS 124 – Related Party Disclosures**

Related Party Disclosures has been adopted by the Group for the financial period commencing 1 January 2007 in accordance with the requirements of the accounting standard.

The Group anticipates that the adoption of FRS 124 will not have material effects to the Group and relevant disclosures have been made in Note A13 on significant related party transactions.

**FRS 117 – Leases**

The adoption of the revised FRS 117-Leases has resulted in a change in the accounting policy relating to the classification of leases of land and buildings.

Prior to the adoption of the revised FRS 117, leasehold land and buildings were classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses. FRS 117 requires that leasehold land and buildings be classified as operating finance leases in the same way as leases of other assets.



The effects on the comparatives to the Group on adoption of FRS 117 are as follows:

	As previously reported	FRS 117	As restated
As at 1 January 2007 Group			
Property, plant and equipment	21,154	(2,605)	18,549
Prepaid land lease payments		2,605	2,605
	21,154	-	21,154

## **A2. AUDIT REPORT QUALIFICATION**

The audit report on the financial statements for the year ended 31 December 2006 was not subject to any qualification.

## **A3. SEASONAL OR CYCLICAL FACTORS**

The operations of the Group, other than the retailing division, are not subject to any seasonal or cyclical changes. The retail segment will benefit from higher consumer spending during festivals, school holidays and carnival sales.

## **A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS**

There were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

## **A5. CHANGES IN ESTIMATES OF AMOUNT REPORTED PREVIOUSLY**

There were no changes in estimates of amount reported in prior interim periods of the current financial period or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

## A6. DEBTS AND EQUITY SECURITIES

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter.

## A7. DIVIDENDS PAID

There were no dividends paid during the quarter under review.

## A8. SEGMENTAL INFORMATION

	Engineering & Construction	Investment holding	Agriculture	Retailing	Group
<b>REVENUE</b>					
External revenue	56,787,616	651,600	0	83,815,900	141,255,116
Inter-segment revenue	(5,679,972)	0	0	(822,242)	(6,502,214)
	<u>51,107,644</u>	<u>651,600</u>	<u>0</u>	<u>82,993,658</u>	<u>134,752,902</u>
<b>RESULTS</b>					
Segment results	2,143,534	(1,449,131)	(298,338)	4,123,390	4,519,455
Finance costs					(3,566,224)
Share of results of an associate					<u>445,271</u>
Profit before taxation					1,398,502
Taxation					<u>(1,292,373)</u>
Profit after taxation					<u>106,129</u>
<b>Attributable to:</b>					
Equity holders of the parent					109,455
Minority interests					<u>(3,326)</u>
					<u>106,129</u>

	Engineering & Construction	Investment holding	Agriculture	Retailing	Group
<b>OTHER INFORMATION</b>					
<b>Segment assets</b>	46,512,871	5,804,672	447,143	79,550,922	132,315,608
<b>Segment liabilities</b>	35,635,678	6,943,569	2,000	41,317,594	83,898,841
<b>Capital expenditure</b>	(82,797)	(3,600)	0	(2,566,870)	(2,653,267)
<b>Depreciation</b>	<u>393,868</u>	<u>60,923</u>	<u>0</u>	<u>1,764,242</u>	<u>2,219,033</u>



**A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation of property, plant and equipment during the current period. The valuation of land and buildings had been brought forward without amendment from the previous annual audited report.

**A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD**

There were no material events subsequent to the end of the current quarter as at 29 February 2008.

**A11. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current interim period.

**A12. CONTINGENT LIABILITIES**

	<b>As at 31/12/2007 RM'000</b>	<b>As at 31/12/2006 RM'000</b>
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	68,502	52,044
	<hr/>	<hr/>



### A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the quarter ended 31 December 2007 are as follows :

Transaction parties	Nature of transaction	Current Year	Preceding Year	Cumulative	Cumulative
		Quarter	Corresponding	Current	Preceding
		31.12.2007	Quarter	Year To	Year
		RM'000	31.12.2006	Date	Corresponding
			RM'000	31.12.2007	Quarter
				RM'000	31.12.2006
					RM'000
MX Too Sdn Bhd	Royalty	116	123	465	494
Roncato Leatherware Sdn Bhd	Sale of products	188	337	1,178	1,411
Fook Cheong Trading	Sale of products	14	16	61	127
MRZ Car Seat Sdn Bhd	Sale of products	13	8	50	8

The above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.



**MESB BERHAD (337554-D)**  
**Interim Financial Report for the Quarter Ended 31 December 2007**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. PERFORMANCE REVIEW**

The Group recorded a profit before tax of RM0.67 million for the current period under review as compared to a profit before tax of RM 0.43 million for the preceding year's corresponding quarter.

For the year ended 31 December 2007, the Group recorded a profit before tax of RM1.40 million as compared to RM1.09 million for the year ended 31 December 2006.

The improved performance was mainly due to the contribution from the new associate company and better result achieved by engineering and retail division.

**B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group recorded a profit before tax of RM0.67 million for the quarter under review which is not significantly different to the preceding quarter's profit before tax of RM0.27 million.

**B3. COMMENTARY ON PROSPECTS**

Although the environment within which the Group operates has become increasingly competitive and challenging, the Group remains confident that the strategies being pursued will allow it to achieve better results for the financial year ending 31 December 2008.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable to the Group.



**B5. TAXATION**

The taxation charge included the following:

	Current Quarter RM'000	Financial Year to Date RM'000
Current year provision	<u>677</u>	<u>1,292</u>

The effective tax rates for the periods presented above were higher than the statutory income tax rate in Malaysia due to losses of certain subsidiaries that were not available for set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

**B6. UNQUOTED INVESTMENTS AND PROPERTIES**

- (1) There was no purchase of unquoted investment and/or property for the current quarter and the financial year to date.
- (2) There were no sales of unquoted investment and/or property for the current quarter and the financial year to date.

**B7. QUOTED SECURITIES**

- (1) There were no purchase and disposals of quoted securities by the Group for the current quarter and financial year to date.
- (2) There were no investments in quoted securities as at 31 December 2007.

**B8. CORPORATE PROPOSAL**

There were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report.



## **B9. BORROWINGS AND DEBT SECURITIES**

The Group borrowings as at 31 December 2007 are as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	418	
Bill payable & Revolving credit	34,995	
Term loans	1,371	
Bank overdraft	<u>3,213</u>	39,997
Long Term		
Hire purchase creditors	447	
IMTN bond	10,000	
Term Loans	<u>3,852</u>	14,299
Total		<u>54,296</u>

The bank overdrafts, bills payable and term loans are secured over certain subsidiaries' properties, a subsidiary's directors' guarantee as well as fixed deposits placed on lien.

## **B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risk as at 29 February 2008.

## **B11. CHANGES IN MATERIAL LITIGATIONS**

The Group is not engaged in any material litigation as at 29 February 2008.

## **B12. DIVIDEND**

No dividend has been declared nor recommended for the current period ended 31 December 2007.



### **B13. EARNINGS PER SHARE**

The basic earnings/(loss) per share is arrived at by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue as follows :-

	Current Quarter	Financial Year to Date
Net profit/(loss) attributable to ordinary equity holders of the parent (RM)	54,541	109,455
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	0.13	0.26

### **B14. AUTHORISATION FOR ISSUE**

The Interim Financial Statement and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Director.

BY ORDER OF THE BOARD

**Mah Li Chen**

**Tan Ley Theng**

Company Secretaries

Kuala Lumpur