

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008

	2008 CURRENT QUARTER ENDED 3/31/2008 RM'000	2007 COMPARATIVE QUARTER ENDED 3/31/2007 RM'000 Restated	2008 3 MONTHS CUMULATIVE TO 3/31/2008 RM'000	2007 3 MONTHS CUMULATIVE TO 3/31/2007 RM'000 Restated
Revenue	23,022	27,953	23,022	27,953
Operating Expenses	(22,809)	(27,352)	(22,809) **	(27,352)
Other Income	104	60	104	60
Profit/(loss) from Operations	317	661	317	661
Finance costs	(855)	(695)	(855)	(695)
Share of results of an associate	187	63	187	63
Profit/(loss) before tax	(351)	29	(351)	29
Taxation	(249)	14	(249)	14
Profit/(loss) for the period	(600)	43	(600)	43
Attributable to:				
Equity holders of the parent	(845)	(111)	(845)	(111)
Minority Interests	245	154	245	154
	(600)	43	(600)	43
Earnings/(Loss) per share (sen)				
(a) Basic	(2.01)	(0.26)	(2.01)	(0.26)
(b) Diluted	-	-	-	-

Note no. 1 \*\* - Operating Expenses for 3 months cumulative ending 31 March 2008 consists of the following :-

	RM'000
Cost of sale	10,025
Selling and distribution expenses	6,550
Operating overhead	6,234
	<u>22,809</u>

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

	2007 COMPARATIVE QUARTER ENDED 3/31/2007 RM'000	2007 3 MONTHS CUMULATIVE TO 3/31/2007 RM'000
INCOME STATEMENT (EXTRACT):- As previously reported	23,961	23,961
As restated		
Net Revenue	23,961	23,961
Counter rebate	4,944	4,944
Capitalisation of telecommunication towers	(952)	(952)
Gross Revenue	<u>27,953</u>	<u>27,953</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)

**MESB BERHAD (337554-D)**

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008**

	<b>AS AT 3/31/2008 RM'000</b>	<b>AS AT 12/31/2007 RM'000</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant & equipment	29,276	29,557
Prepaid land lease payments	2,569	2,575
Investment in associated company	1,301	1,115
Other investments	21	21
Intangible asset	40	42
Other assets	3,021	3,953
Deferred taxation	544	561
Goodwill on consolidation	24,661	24,661
Current Assets		
Amount owing by contract customers	4,361	4,425
Inventories	20,017	19,190
Debtors	26,941	30,378
Tax Recoverable	0	1,065
Cash and bank balances	12,235	13,839
	<u>63,554</u>	<u>68,897</u>
<b>Total Assets</b>	<u><b>124,987</b></u>	<u><b>131,382</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	794	1,639
Capital and Reserves	<u>42,794</u>	<u>43,639</u>
Minority interests	<u>3,035</u>	<u>2,790</u>
<b>Total equity</b>	<u><b>45,829</b></u>	<u><b>46,429</b></u>
Non-current liabilities		
Hire purchase creditors	488	468
IMTN bond	10,000	10,000
Term loans	<u>4,464</u>	<u>4,493</u>
	14,952	14,961
Current Liabilities		
Creditors	19,519	22,940
Amount owing to contract customers	3,368	3,768
Amount owing to director	6,726	6,746
Hire purchase creditors	492	397
Term loans	627	730
Bankers' acceptances, revolving credit and trust receipts	32,895	34,995
Taxation	<u>579</u>	<u>416</u>
	<u>64,206</u>	<u>69,992</u>
<b>Total liabilities</b>	<u><b>79,158</b></u>	<u><b>84,953</b></u>
<b>Total equity and liabilities</b>	<u><b>124,987</b></u>	<u><b>131,382</b></u>
Net Assets per share attributable to ordinary equity holders of the parent	<u><b>1.02</b></u>	<u><b>1.04</b></u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)

**MESB BERHAD (337554-D)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008**

	← 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			
At 1 January 2008: -	42,000	5	1,597	37	43,639	2,790	46,429
Profit after taxation for the financial year	-	-	(845)	-	(845)	245	(600)
At 31 March 2008	42,000	5	752	37	42,794	3,035	45,829
At 1 January 2007: -	42,000	5	2,221	37	44,263	2,624	46,887
Subscription of shares in subsidiaries						245	245
Profit after taxation for the financial year	-	-	(111)	-	(111)	154	43
At 31 March 2007	42,000	5	2,110	37	44,152	3,023	47,175

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008

	3 MONTHS ENDED 3/31/2008 RM'000	3 MONTHS ENDED 3/31/2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before taxation	(350)	29
Adjustments for:		
Amortisation of intangible asset	2	2
Amortisation of other investment		
Amortisation of prepaid land lease payments		
Allowance for doubtful debts		
Share of results of an associate	(187)	(63)
Depreciation of property, plant and equipment	805	730
Interest income	(85)	(4)
Interest expense	901	689
Fixed assets written off	-	31
Provision/(write back) for foreseeable loss	-	(888)
Share options granted under ESOS	-	
Written down of inventories	-	
Stock loss	-	
Gain on disposal of property, plant and equipment	-	
<b>Operating profit before working capital and non-current assets changes</b>	<b>1,108</b>	<b>528</b>
Changes in working capital and non-current assets:		
Net change in current and non-current assets	3,834	303
Net change in inventories	(828)	1,998
Net change in current liabilities	(3,239)	(3,775)
<b>Cash generated from operations</b>	<b>873</b>	<b>(946)</b>
Income tax paid	(92)	(187)
Tax refunded	1,087	12
Interest paid	(901)	(689)
<b>Net cash generated from / (used in) operating activities</b>	<b>967</b>	<b>(1,810)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in associates company	-	-
Purchase of property, plant and equipment	(519)	(1,051)
Dividend paid to minority interest	65	-
Interest received	-	4
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	<b>(454)</b>	<b>(1,047)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares to minority interests	-	245
Drawdown of IMTN bond	-	-
Bankers' acceptances, term loans, revolving credit and trust receipts	(2,232)	2,693
Net drawdown/(repayment) of hire purchase Creditors	116	(56)
<b>Net cash used in financing activities</b>	<b>(2,117)</b>	<b>2,882</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,604)</b>	<b>25</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2008 / 2007</b>	<b>13,839</b>	<b>8,891</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH 2008/2007</b>	<b>12,235</b>	<b>8,916</b>
Note :		
(1) Cash & Cash Equivalents for the period ended 31 March 2008 consists of the following :-		
Cash & Cash Equivalents	16,185	11,378
Bank Overdraft	(3,950)	(2,460)
	<b>12,235</b>	<b>8,916</b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)

**MESB BERHAD (337554-D)**  
**Interim Financial Report for the Quarter Ended 31 March 2008**  
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 2007

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 2007 except for the following revised FRS issued by Malaysia Accounting Standard Board (“MASB”) which are effective for financial period beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS112	Income Taxes
FRS118	Revenue
FRS121	The Effects of changes in Foreign Exchange Rates
FRS134	Interim Financial Reporting
FRS137	Provision, Contingent Liabilities and Contingent Assets
FRS139	Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by the MASB.

The adoption of the above FRS does not have any significant financial impact on the Group.

#### **A2. AUDIT REPORT QUALIFICATION**

The audit report on the financial statements for the year ended 31 December 2007 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	Retailing	Agriculture	Group
<b>REVENUE</b>					
External revenue	1,957,425	12,900	21,070,248	0	23,040,573
Inter-segment revenue	0	0	(18,318)	0	(18,318)
	<u>1,957,425</u>	<u>12,900</u>	<u>21,051,930</u>	<u>0</u>	<u>23,022,255</u>
<b>RESULTS</b>					
Segment results	(487,139)	(230,828)	1,100,293	(64,595)	317,731
Finance costs	(227,029)	0	(627,651)	0	(854,680)
Share of results of an associate		186,614	0	0	186,614
Loss before taxation	<u>(714,168)</u>	<u>(44,214)</u>	<u>472,642</u>	<u>(64,595)</u>	<u>(350,335)</u>
Taxation	<u>(17,278)</u>	<u>0</u>	<u>(232,069)</u>	<u>0</u>	<u>(249,347)</u>
Loss after taxation	<u>(731,446)</u>	<u>(44,214)</u>	<u>240,573</u>	<u>(64,595)</u>	<u>(599,682)</u>

**Attributable to:**

Equity holders of the parent	(1,036,344)	(44,214)	299,889	(64,595)	(845,264)
Minority interests	(304,898)	0	59,316	0	(245,582)
	<u>(731,446)</u>	<u>(44,214)</u>	<u>240,573</u>	<u>(64,595)</u>	<u>(599,682)</u>

	Engineering & Construction	Investment holding	Retailing	Agriculture	Group
<b>OTHER INFORMATION</b>					
<b>Segment assets</b>	39,378,542	5,964,434	82,604,409	447,143	128,394,528
<b>Segment liabilities</b>	32,037,001	6,964,540	43,527,087	2,000	82,530,628
<b>Capital expenditure</b>	(73,889)	0	(445,099)	0	(518,988)
<b>Depreciation</b>	<u>350,094</u>	<u>15,231</u>	<u>439,988</u>	<u>0</u>	<u>805,313</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 28 May 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 31/03/2008 RM'000</b>	<b>As at 31/12/2007 RM'000</b>
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	79,532	68,502
	<u>                    </u>	<u>                    </u>

### **A13. RELATED PARTY TRANSACTIONS**

The related party transactions of the Group for the quarter ended 31 March 2008 are as follows:

<b>Transaction parties</b>	<b>Nature of transaction</b>	<b>As at 31/3/2008 RM'000</b>	<b>As at 31/12/2007 RM'000</b>
MX Too Sdn Bhd	Royalty	140	465
Roncato Leatherware Sdn Bhd	Sale of products	201	1,178
Fook Cheong Trading	Sale of products	17	61
MRZ Car Seat Sdn Bhd	Sale of products	13	50

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 March 2008**

**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 loss before taxation of RM0.35 million for the period ended 31 March 2008 as compared to the profit before taxation of RM0.029 million in the corresponding period. The drop in performance was mainly due to lower operating revenue coupled with the increase in material costs and financial expenses.

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

For the quarter under review, the Group recorded a loss before taxation of RM0.35 million, compared to a profit before tax of RM0.57 million for the preceding fourth quarter of 2007. The deterioration in performance was mainly due to the adverse performance of the engineering division.

**B3. COMMENTARY ON PROSPECTS**

The outlook for the Group's operating environment is expected to remain competitive. The Group will continue to focus on its core business activities and is expected to seek ways to consolidate its position in the engineering and retailing sectors. Moving forward, the Group has ventured into the agricultural sector via the Agarwood project in Laos.

**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>249</u>	<u>249</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 March 2008.

#### **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 March 2008 are as follow:-

	RM'000	RM'000
<b>Short Term</b>		
Hire purchase creditors	492	
Bill payable & Revolving credit	32,895	
Term loans	627	
Bank overdraft	<u>3,950</u>	37,964
<b>Long Term</b>		
Hire purchase creditors	488	
IMTN bond	10,000	
Term Loans	<u>4,464</u>	14,952
<b>Total</b>		<u><u>52,916</u></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 28 May 2008.

**B11. CHANGES IN MATERIAL LITIGATIONS**

The Group is not engaged in any material litigation as at 28 May 2008.

**B12. DIVIDEND**

No dividend has been declared nor recommended for the current period ended 31 March 2008

**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'000)	(845)	(845)
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	(2.01)	(2.01)

**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

28 May 2008