

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	2008 CURRENT QUARTER ENDED 9/30/2008 RM'000	2007 COMPARATIVE QUARTER ENDED 9/30/2007 RM'000 Restated	2008 9 MONTHS CUMULATIVE TO 9/30/2008 RM'000	2007 9 MONTHS CUMULATIVE TO 9/30/2007 RM'000 Restated
Revenue	31,814	34,020	79,886	89,678
Operating Expenses	(29,641)	(33,483)	(75,879) **	(88,357)
Other Income	290	213	424	548
Profit/(loss) from Operations	2,463	750	4,431	1,869
Finance costs	(673)	(729)	(2,503)	(2,267)
Share of results of an associate	264	177	728	325
Profit/(loss) before tax	2,054	198	2,656	(73)
Taxation	(902)	(283)	(1,203)	(261)
Profit/(loss) for the period	<u>1,152</u>	<u>(85)</u>	<u>1,453</u>	<u>(334)</u>
Attributable to:				
Equity holders of the parent	696	(114)	486	(536)
Minority interests	456	29	967	202
	<u>1,152</u>	<u>(85)</u>	<u>1,453</u>	<u>(334)</u>
Earnings/(Loss) per share (sen)				
(a) Basic	1.66	(0.27)	1.16	(1.28)
(b) Diluted	-	-	-	-

Note no. 1 ** - Operating Expenses for 9 months cumulative ending 30 September 2008 consists of the following :-

	RM'000
Cost of sale	36,630
Selling and distribution expenses	20,630
Operating overhead	18,619
	<u>75,879</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 9/30/2007 RM'000	2007 9 MONTHS CUMULATIVE TO 9/30/2007 RM'000
INCOME STATEMENT (EXTRACT):- As previously reported	<u>31,072</u>	<u>80,792</u>
As restated		
Net Revenue	31,072	80,792
Counter rebate	4,527	13,141
Capitalisation of telecommunication towers	(1,579)	(4,255)
Gross Revenue	<u>34,020</u>	<u>89,678</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 30 SEPTEMBER 2008

	AS AT 9/30/2008 RM'000	AS AT 12/31/2007 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	28,979	29,557
Prepaid land lease payments	2,564	2,575
Investment in associated company	1,843	1,115
Other investments	61	21
Intangible asset	37	42
Other assets	3,296	3,953
Deferred taxation	510	561
Goodwill on consolidation	24,661	24,661
Current Assets		
Amount owing by contract customers	1,010	4,425
Inventories	24,204	19,190
Debtors	28,197	30,378
Tax Recoverable	96	1,065
Cash and bank balances	16,138	13,839
	<u>69,645</u>	<u>68,897</u>
Total Assets	<u>131,596</u>	<u>131,382</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	2,125	1,639
Capital and Reserves	<u>44,125</u>	<u>43,639</u>
Minority interests	3,757	2,790
Total equity	<u>47,882</u>	<u>46,429</u>
Non-current liabilities		
Hire purchase creditors	308	468
IMTN bond	10,000	10,000
Term loans	4,507	4,493
	<u>14,815</u>	<u>14,961</u>
Current Liabilities		
Creditors	26,265	22,940
Amount owing to contract customers	4,949	3,768
Amount owing to director	6,726	6,746
Hire purchase creditors	432	397
Term loans	750	730
Bankers' acceptances, revolving credit and trust receipts	28,915	34,995
Taxation	862	416
	<u>68,899</u>	<u>69,992</u>
Total liabilities	<u>83,714</u>	<u>84,953</u>
Total equity and liabilities	<u>131,596</u>	<u>131,382</u>
Net Assets per share attributable to ordinary equity holders of the parent		
	<u>1.05</u>	<u>1.04</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 30 SEPTEMBER 2008**

	Attributable to equity holders of the parent				Minority Interests	Total Equity	
	Share Capital	Share Premium	Retained Earnings	Capital Reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	486	-	486	967	1,453
At 30 September 2008	42,000	5	2,083	37	44,125	3,757	47,882
At 1 January 2007: -	42,000	5	2,221	37	44,263	2,624	46,887
Subscription of shares in subsidiaries						245	245
Loss after taxation for the financial year	-	-	(536)	-	(536)	202	(334)
At 30 September 2007 (Restated)	42,000	5	1,685	37	43,727	3,071	46,798

(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 30 SEPTEMBER 2008

	9 MONTHS ENDED 9/30/2008 RM'000	9 MONTHS ENDED 9/30/2007 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	2,656	(73)
Adjustments for:		
Amortisation of intangible asset	5	5
Amortisation of other investment	1	-
Amortisation of prepaid land lease payments		
Allowance for doubtful debts		
Share of results of an associate	(728)	(325)
Depreciation of property, plant and equipment	2,425	2,312
Interest income	(199)	(14)
Interest expense	2,641	2,258
Fixed assets written off	62	256
Provision/(write back) for foreseeable loss	12	(170)
Share options granted under ESOS	-	-
Written down of inventories	-	-
Stock loss	-	-
Gain on disposal of property, plant and equipment	(167)	(111)
Operating profit before working capital and non-current assets changes	6,708	4,138
Changes in working capital and non-current assets:		
Net change in current and non-current assets	7,421	(6,813)
Net change in inventories	(5,013)	(327)
Net change in current liabilities	3,305	(3,142)
Cash generated from operations	12,421	(6,144)
Income tax paid	(775)	(850)
Tax refunded	1,038	622
Interest paid	(2,641)	(2,258)
Net cash generated from / (used in) operating activities	10,043	(8,630)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associated company	-	-
Investment in unquoted shares	(40)	-
Purchase of property, plant and equipment	(1,921)	(4,699)
Dividend paid to minority interest	-	0
Interest received	199	14
Proceeds from disposal of property, plant and equipment	189	112
Net cash used in investing activities	(1,573)	(4,573)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares to minority interests	-	245
Drawdown of IMTN bond	-	10,000
Bankers' acceptances, term loans, revolving credit and trust receipts	(6,046)	4,847
Net drawdown/(repayment) of hire purchase Creditors	(125)	(272)
Net cash used in financing activities	(6,171)	14,820
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,299	1,617
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2008 / 2007	13,839	8,891
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER 2008/2007	16,138	10,508
Note :		
(1) Cash & Cash Equivalents for the period ended 30 September 2008 consists of the following :-		
Cash & Cash Equivalents	17,198	13,700
Bank Overdraft	(1,060)	(3,192)
	16,138	10,508

(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 Period Ended 30 September 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 period under review.

A8. SEGMENTAL INFORMATION

	Engineering & Construction	Investment holding	Agriculture	Retailing	Group
REVENUE					
External revenue	13,806,924	34,400	0	66,262,614	80,103,938
Inter-segment revenue	0	0	0	(217,693)	(217,693)
	<u>13,806,924</u>	<u>34,400</u>	<u>0</u>	<u>66,044,921</u>	<u>79,886,245</u>
RESULTS					
Segment results	370,091	(764,193)	(391,554)	5,217,108	4,431,452
Finance costs	(855,640)	0	0	(1,647,081)	(2,502,721)
Share of results of an associate	0	727,846	0	0	727,846
Profit/(Loss) before taxation	<u>(485,549)</u>	<u>(36,347)</u>	<u>(391,554)</u>	<u>3,570,027</u>	<u>2,656,577</u>
Taxation	(51,921)	241,397	0	(1,392,476)	(1,203,000)
Profit/(Loss) after taxation	<u>(537,470)</u>	<u>205,050</u>	<u>(391,554)</u>	<u>2,177,551</u>	<u>1,453,577</u>

Attributable to:

Equity holders of the parent	(1,348,495)	205,050	(391,554)	2,021,005	486,006
Minority interests	811,025	0	0	156,546	967,571
	<u>(537,470)</u>	<u>205,050</u>	<u>(391,554)</u>	<u>2,177,551</u>	<u>1,453,577</u>

	Engineering & Construction	Investment holding	Agriculture	Retailing	Group
OTHER INFORMATION					
Segment assets	34,953,124	6,517,735	215,952	90,363,201	132,050,012
Segment liabilities	28,087,561	6,909,228	0	48,914,895	83,911,684
Capital expenditure	(175,989)	0	0	(1,744,688)	(1,920,677)
Depreciation	<u>1,023,603</u>	<u>42,599</u>	<u>0</u>	<u>1,358,983</u>	<u>2,425,185</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 period as at 26 November 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

	As at 30/09/2008 RM'000	As at 31/12/2007 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	97,220	68,502
	<u> </u>	<u> </u>

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 30 September 2008 are as follows :

Transaction parties	Nature of transaction	As at 30/09/2008 RM'000	As at 31/12/2007 RM'000
MX Too Sdn Bhd	Royalty	420	465
Roncato Leatherware Sdn Bhd	Sale of products	776	1,178
Fook Cheong Trading	Sale of products	51	61
MRZ Car Seat Sdn Bhd	Sale of products/ rental	39	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.

A14. CHANGE OF FINANCIAL YEAR

On 4 November 2008, the financial year of the Company has been changed from 31 December to 31 March. Thus the next set of financial statements will be made up from 1 January 2008 to 31 March 2009 covering a period of 15 months. Thereafter, the financial year end of the Company shall end on 31 March of each subsequent year.

The rationale for the change in financial year end is to enhance administrative efficiency to facilitate the timely completion of the annual statutory audit.

MESB BERHAD (337554-D)
Interim Financial Report for the Period Ended 30 September 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 profit before tax of RM2.05million for the current period under review as compared to a profit before tax of RM0.20million for the preceding year's corresponding quarter.

For the period ended 30 September 2008, the Group recorded a profit before tax of RM2.66million as compared to a loss before tax of RM0.07million for the period ended 30 September 2007. The significant improvement was mainly due to better results achieved by the Retailing division and from leasing of telecommunication towers.

B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group recorded a higher profit before tax of RM2.05million for the quarter under review as compared with the preceding quarter's profit before tax of RM1.0million. The improvement in performance for the current quarter is mainly due to the higher revenue registered by Retailing Division during the festive season.

B3. COMMENTARY ON PROSPECTS

With the current financial turmoil worldwide, the outlook for the Group's operating environment is expected to be increasingly competitive and challenging. The Group will continue to focus on its core business activities and is expected to seek ways to consolidate its position in the telecommunication tower project management business and retailing sectors.

Overall, the Board of Directors expects the Group's performance for this year to continue to be satisfactory.

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>889</u>	<u>1,444</u>

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 30 September 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 30 September 2008 are as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	432	
Bill payable & Revolving credit	28,915	
Term loans	750	
Bank overdraft	<u>1,060</u>	31,157
Long Term		
Hire purchase creditors	308	
IMTN bond	10,000	
Term Loans	<u>4,507</u>	14,815
Total		<u>45,972</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 26 November 2008.

B11. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation as at 26 November 2008.

B12. DIVIDEND

No dividend has been declared nor recommended for the current period ended 30 September 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 attributable to ordinary equity holders of the parent (RM'000)	696	486
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen)	1.66	1.16

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 Directors.

BY ORDER OF THE BOARD

Mah Li Chen

Tan Ley Theng

Company Secretaries

Kuala Lumpur
26 November 2008