

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

	2008 CURRENT QUARTER ENDED 12/31/2008 RM'000	2007 COMPARATIVE QUARTER ENDED 12/31/2007 RM'000 Restated	2008 12 MONTHS CUMULATIVE TO 12/31/2008 RM'000	2007 12 MONTHS CUMULATIVE TO 12/31/2007 RM'000 Restated
Revenue	24,536	38,860	104,422	128,538
Operating Expenses	(23,100)	(38,182)	(98,979) **	(126,539)
Other Income	(9)	590	415	1,138
Profit/(loss) from Operations	1,427	1,268	5,858	3,137
Finance costs	(1,230)	(822)	(3,733)	(3,089)
Share of results of an associate	168	127	896	452
Profit/(loss) before tax	365	573	3,021	500
Taxation	(203)	(800)	(1,406)	(1,061)
Profit/(loss) for the period	162	(227)	1,615	(561)
Attributable to:				
Equity holders of the parent	(37)	(88)	449	(624)
Minority interests	199	(139)	1,166	63
	162	(227)	1,615	(561)
Earnings/(Loss) per share (sen)				
(a) Basic	(0.09)	(0.21)	1.07	(1.49)
(b) Diluted	-	-	-	-

Note no. 1 ** - Operating Expenses for 12 months cumulative ending 31 December 2008 consists of the following :-

	RM'000
Cost of sale	45,945
Selling and distribution expenses	28,449
Operating overhead	24,585
	<u>98,979</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 12/31/2007 RM'000	2007 12 MONTHS CUMULATIVE TO 12/31/2007 RM'000
INCOME STATEMENT (EXTRACT):- As previously reported	41,008	134,753
As restated		
Net Revenue	41,008	134,753
Reclassification	(720)	(532)
Capitalisation of telecommunication towers	(1,428)	(5,683)
Gross Revenue	<u>38,860</u>	<u>128,538</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 DECEMBER 2008

	AS AT 12/31/2008 RM'000	AS AT 12/31/2007 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	28,183	29,557
Prepaid land lease payments	2,557	2,575
Investment in associated company	2,011	1,115
Other investments	61	21
Intangible asset	36	42
Other assets	3,323	3,953
Deferred taxation	492	561
Goodwill on consolidation	24,615	24,661
Current Assets		
Amount owing by contract customers	1,138	4,425
Inventories	24,078	19,190
Debtors	27,399	30,378
Tax Recoverable	20	1,065
Cash and bank balances	14,190	13,839
	<u>66,825</u>	<u>68,897</u>
Total Assets	<u>128,103</u>	<u>131,382</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	2,088	1,639
Capital and Reserves	44,088	43,639
Minority interests	3,768	2,790
Total equity	<u>47,856</u>	<u>46,429</u>
Non-current liabilities		
Hire purchase creditors	197	468
IMTN bond	0	10,000
Term loans	19,318	4,493
	<u>19,515</u>	<u>14,961</u>
Current Liabilities		
Creditors	25,477	22,940
Amount owing to contract customers	4,528	3,768
Amount owing to director	6,376	6,746
Hire purchase creditors	383	397
Term loans	1,754	730
Bankers' acceptances, revolving credit and trust receipts	21,537	34,995
Taxation	677	416
	<u>60,732</u>	<u>69,992</u>
Total liabilities	<u>80,247</u>	<u>84,953</u>
Total equity and liabilities	<u>128,103</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 31 DECEMBER 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			Total RM'000
At 1 January 2008: -	42,000	5	1,597	37	43,639	2,790	46,429
Disposal of a subsidiary					-	(188)	(188)
Profit after taxation for the financial year	-	-	449	-	449	1,166	1,615
At 31 December 2008	<u>42,000</u>	<u>5</u>	<u>2,046</u>	<u>37</u>	<u>44,088</u>	<u>3,768</u>	<u>47,856</u>
At 1 January 2007: -	42,000	5	2,221	37	44,263	2,624	46,887
Subscription of shares in subsidiaries						245	245
Dividend paid by a subsidiary to minority interests						(142)	(142)
Loss after taxation for the financial year	-	-	(624)	-	(624)	63	(561)
At 31 December 2007	<u>42,000</u>	<u>5</u>	<u>1,597</u>	<u>37</u>	<u>43,639</u>	<u>2,790</u>	<u>46,429</u>

(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)

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

	12 MONTHS ENDED 12/31/2008 RM'000	12 MONTHS ENDED 12/31/2007 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	3,021	500
Adjustments for:		
Amortisation of intangible asset	6	6
Amortisation of other investment	1	1
Amortisation of prepaid land lease payments	-	30
Allowance for doubtful debts	90	353
Share of results of an associate	(896)	(452)
Depreciation of property, plant and equipment	3,272	2,903
Interest income	(218)	(316)
Interest expense	3,901	3,089
Fixed assets written off	155	687
Provision/(write back) for foreseeable loss	(180)	983
Write-back of inventories	-	(62)
Gain on disposal of subsidiary	190	-
Gain on disposal of property, plant and equipment	(249)	(158)
Operating profit before working capital and non-current assets changes	9,093	7,564
Changes in working capital and non-current assets:		
Net change in current and non-current assets	6,235	(2,608)
Net change in inventories	(4,887)	343
Net change in current liabilities	4,701	(2,144)
Cash generated from operations	15,142	3,155
Income tax(paid)/ refunded	(108)	(309)
Interest paid	(3,901)	(3,089)
Net cash generated from /(used in) operating activities	11,133	(243)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of a subsidiary, net of cash dispose	14	-
Investment in unquoted shares	(40)	-
Purchase of property, plant and equipment	(2,942)	(6,593)
Dividend paid to minority interest	-	(142)
Interest received	218	316
Proceeds from disposal of property, plant and equipment	341	269
Net cash used in investing activities	(2,409)	(6,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares to minority interests	-	245
Drawdown(repaysment) of IMTN bond	(10,000)	10,000
Repayment to directors	(514)	(1,345)
Drawdown of project revolving credit	14,977	-
Bankers' acceptances, term loans, revolving credit and trust receipts	(12,585)	3,036
Net drawdown/(repaysment) of hire purchase Creditors	(251)	(435)
Net cash used in financing activities	(8,373)	11,501
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	351	5,108
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2008 / 2007	13,839	8,731
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2008/2007	14,190	13,839
Note :		
(1) Cash & Cash Equivalents for the period ended 31 December 2008 consists of the following :-		
Cash & Cash Equivalents	16,067	17,269
Bank Overdraft	(1,877)	(3,430)
	14,190	13,839

(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 31 December 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	16,554,734	34,400	0	88,043,587	104,632,721
Inter-segment revenue	0	0	0	(210,730)	(210,730)
	<u>16,554,734</u>	<u>34,400</u>	<u>0</u>	<u>87,832,857</u>	<u>104,421,991</u>
RESULTS					
Segment results	1,341,911	(937,074)	(398,027)	5,850,376	5,857,186
Finance costs	(1,526,714)	0	0	(2,205,957)	(3,732,671)
Share of results of an associate	0	896,382	0	0	896,382
Profit/(Loss) before taxation	<u>(184,803)</u>	<u>(40,692)</u>	<u>(398,027)</u>	<u>3,644,419</u>	<u>3,020,897</u>
Taxation	(104,199)	238,397	0	(1,540,271)	(1,406,073)
Profit/(Loss) after taxation	<u>(289,002)</u>	<u>197,705</u>	<u>(398,027)</u>	<u>2,104,148</u>	<u>1,614,824</u>
Attributable to:					
Equity holders of the parent	(1,297,206)	197,705	(398,027)	1,946,264	448,736
Minority interests	<u>1,008,204</u>	<u>0</u>	<u>0</u>	<u>157,884</u>	<u>1,166,088</u>
	<u>(289,002)</u>	<u>197,705</u>	<u>(398,027)</u>	<u>2,104,148</u>	<u>1,614,824</u>

	Engineering & Construction	Investment holding	Agriculture	Retailing	Group
OTHER INFORMATION					
Segment assets	34,159,847	6,664,937	215,952	88,427,941	129,468,677
Segment liabilities	27,220,924	6,614,502	0	47,613,014	81,488,440
Capital expenditure	(220,834)	0	0	(2,721,108)	(2,941,942)
Depreciation	1,365,894	60,923	0	1,845,397	3,272,214

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 25 February 2009.

A11. CHANGES IN COMPOSITION OF THE GROUP

On 1st December 2008, the Group announced its wholly-owned subsidiary, Miroza Leather (M) Sdn Bhd had on 25 November 2008 completed the disposal of its 51% equity interest comprising 1,147,500 ordinary shares of RM1.00 each in Theme Fashion (M) Sdn Bhd for a total cash consideration of RM50,000.

A12. CONTINGENT LIABILITIES

	As at 31/12/2008 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

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 31 December 2008 are as follows:

Transaction parties	Nature of transaction	As at 31/12/2008 RM'000	As at 31/12/2007 RM'000
MX Too Sdn Bhd	Royalty	560	465
Roncato Leatherware Sdn Bhd	Sale of products	981	1,178
Fook Cheong Trading	Sale of products	46	61
MRZ Car Seat Sdn Bhd	Sale of products/ rental	51	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.

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 RM3.02million for the 12 months period ended 31 December 2008 as compared to a profit before taxation of RM0.50 million for the corresponding period last year. The improvement in results reported was due to the share of profits of an associate company and higher contribution from retailing business and telecommunication project.

The group recorded a profit before taxation of RM0.36million for the quarter ended 31 December 2008 as compared to RM0.57million in the corresponding quarter last year. The drop in profit before taxation was mainly due to the loss on disposal of a subsidiary.

B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group recorded a lower profit before taxation of RM0.36 million for the quarter under review as compared with the preceding quarter profit before tax of RM2.05 million. The decrease in profit before taxation is mainly due to the challenging environment for the engineering division.

B3. COMMENTARY ON PROSPECTS

With the present global economic downturn, the outlook for the Group's operating environment is expected to remain challenging especially for engineering division.

Overall, the group is expected to achieve satisfactory results for the financial year ending 31 March 2009, as the group continue to review and streamline the strategies for the retailing and telecommunication tower businesses as well as to implement costs efficiency measures.

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>242</u>	<u>1,648</u>

B6. UNQUOTED INVESTMENTS AND PROPERTIES**(1) Unquoted Investments**

	Current Quarter RM'000	Financial Year to Date RM'000
Total purchase of investment	-	40

(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 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 December 2008 are as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	383	
Bill payable & Revolving credit	21,537	
Term loans	1,754	
Bank overdraft	<u>1,877</u>	25,551
Long Term		
Hire purchase creditors	197	
Term Loans	<u>19,318</u>	19,515
Total		<u>45,066</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 25 February 2009.

B11. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation as at 25 February 2009.

B12. DIVIDEND

No dividend has been declared nor recommended for the current period ended 31 December 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)	(37)	449
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	(0.09)	1.07

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

25 February 2009