

MESB BERHAD (337554-D)

Interim Financial Report for the Period Ended 31 March 2009

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 RM'000	Investment holding RM'000	Agriculture RM'000	Retailing RM'000	Group RM'000
REVENUE					
External revenue	20,959	34	0	109,622	130,615
Inter-segment revenue	(1,836)	0	0	(217)	(2,053)
	<u>19,123</u>	<u>34</u>	<u>0</u>	<u>109,405</u>	<u>128,562</u>
RESULTS					
Segment results	2,748	(1,155)	(387)	5,614	6,820
Finance costs	(1,563)	0	0	(2,968)	(4,531)
Share of results of an associate	0	1,159	0	0	1,159
Profit/(Loss) before taxation	<u>1,185</u>	<u>4</u>	<u>(387)</u>	<u>2,646</u>	<u>3,448</u>
Taxation	(746)	242	0	(1,382)	(1,886)
Profit/(Loss) after taxation	<u>439</u>	<u>246</u>	<u>(387)</u>	<u>1,264</u>	<u>1,562</u>

Attributable to:

Equity holders of the parent	(587)	246	(387)	996	268
Minority interests	1,026	0	0	268	1,294
	439	246	(387)	1,264	1,562

	Engineering & Construction RM'000	Investment holding RM'000	Agriculture RM'000	Retailing RM'000	Group RM'000
<u>OTHER INFORMATION</u>					
Segment assets	32,772	6,925	236	84,802	124,735
Segment liabilities	24,864	6,874	2	44,865	76,605
Capital expenditure	(1,551)	0	0	(3,352)	(4,903)
Depreciation	1,773	76	0	2,243	4,092

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 29 May 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 31/03/2009 RM'000	As at 31/03/2008 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	97,220	N/A

The comparative figures are not applicable due to the change of financial year as mentioned in Note A14.

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 31 March 2009 are as follows:

Transaction parties	Nature of transaction	As at 31/03/2009 RM'000	As at 31/03/2008 RM'000
MX Too Sdn Bhd	Royalty	714	N/A
Roncato Leatherware Sdn Bhd	Sale of products	1,188	N/A
Fook Cheong Trading	Sale of products	47	N/A
MRZ Car Seat Sdn Bhd	Rental	63	N/A

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.

The comparative figures are not applicable due to the change of financial year as mentioned in Note A14.

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.

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Interim Financial Report for the Period Ended 31 March 2009

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

For the period ended 31 March 2009, the Group achieved revenue of RM129 million. No comparison was disclosed against the previous corresponding period ended as the Group has changed its financial year end from 31 December to 31 March as mentioned in note A14.

The Group recorded a profit before tax of RM3.45 million for the 15 months period ended 31 March 2009. Both the engineering and retailing divisions contributed profit before taxation of RM1.18 million and RM2.64 million respectively.

B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group recorded a higher profit before tax of RM0.42 million for the current quarter as compared with the preceding quarter's profit before tax of RM0.36 million. The improvement in results was mainly due to the share of profits from an associate company involved in the leasing of tele-communication towers.

B3. COMMENTARY ON PROSPECTS

In view of the present global economic downturn, The Group continued to review and streamline its strategies for its current core businesses to mitigate the adverse effect of the economic downturn.

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance for the financial year ending 31 March 2010 will remain 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>838</u>	<u>2,130</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 March 2009.

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 2009 are as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	426	
Bill payable & Revolving credit	15,881	
Term loans	5,710	
Bank overdraft	<u>2,056</u>	24,073
Long Term		
Hire purchase creditors	475	
Term Loans	<u>18,845</u>	19,320
	Total	<u>43,393</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 May 2009.

B11. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation as at 29 May 2009.

B12. DIVIDEND

No dividend has been declared nor recommended for the financial year ended 31 March 2009.

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)	(181)	268
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	(0.43)	0.64

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
29 May 2009