

MESB BERHAD (337554-D)

Interim Financial Report for the Period Ended 30 June 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 March 2009.

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 March 2009 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	1,911	49	0	18,510	20,470
Inter-segment revenue	(43)	(49)	0	(60)	(152)
	<u>1,868</u>	<u>0</u>	<u>0</u>	<u>18,450</u>	<u>20,318</u>
RESULTS					
Segment results	272	6	(2)	825	1,101
Finance costs	(357)	0	0	(472)	(829)
Share of results of an associate	0	600	0	0	600
Profit/(Loss) before taxation	<u>(85)</u>	<u>606</u>	<u>(2)</u>	<u>353</u>	<u>872</u>
Taxation	(12)	(7)	0	(170)	(189)
Profit/(Loss) after taxation	<u>(97)</u>	<u>599</u>	<u>(2)</u>	<u>183</u>	<u>683</u>

Attributable to:

Equity holders of the parent	(317)	599	(2)	81	361
Minority interests	220	0	0	102	322
	(97)	599	(2)	183	683

	Engineering & Construction RM'000	Investment holding RM'000	Agriculture RM'000	Retailing RM'000	Group RM'000
<u>OTHER INFORMATION</u>					
Segment assets	33,832	7,505	236	82,401	123,974
Segment liabilities	24,915	6,895	2	42,224	74,036
Capital expenditure	(128)	0	0	(532)	(660)
Depreciation	317	15	0	437	769

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 28 August 2009.

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 30/06/2009 RM'000	As at 31/03/2009 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	97,010	97,220

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 30 June 2009 are as follows:

Transaction parties	Nature of transaction	As at 30/06/2009 RM'000	As at 31/03/2009 RM'000
MX Too Sdn Bhd	Royalty	140	714
Roncato Sdn Bhd	Sale of products	441	1,188
Fook Cheong Trading	Sale of products	1	47
MRZ Car Seat Sdn Bhd	Rental	13	63

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.

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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

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.

B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported profit before tax of RM0.87 million for the current quarter as compared with the preceding quarter's profit before tax of RM0.40 million. The improvement of results was mainly contributed from retailing division principally in sales of fashion leather products and share of profit from Group's associate company involved in the leasing of telecommunication towers.

B3. COMMENTARY ON PROSPECTS

The financial year 2010 is expected to be challenging with great uncertainties on the global economy. Although the environment within which the Group operates is increasingly competitive and challenging, the Group endeavors to seek out more business opportunities to improve its overall performance.

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>189</u>	<u>189</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 31 March 2009.

B8. CORPORATE PROPOSAL

On 28 August 2009, Miroza Leather (M) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Sale and Purchase of Shares Agreement with Target Fashion Sdn Bhd for the disposal of 5,055,360 ordinary shares in RM1.00 each representing 80% equity interest in A.D. Trends Sdn Bhd for a cash consideration of RM11.2 million ("Proposed Disposal"). The Proposed Disposal is pending approval to be obtained from the shareholders of the Company at an Extraordinary General Meeting to be convened.

B9. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 June 2009 are as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	439	
Bill payable & Revolving credit	15,705	
Term loans	4,450	
Bank overdraft	<u>1,273</u>	21,867
Long Term		
Hire purchase creditors	318	
Term Loans	<u>18,554</u>	18,872
Total		<u>40,739</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 August 2009

B11. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation as at 28 August 2009

B12. DIVIDEND

No dividend has been declared nor recommended for the financial year ended 30 June 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)	360	360
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	0.86	0.86

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 August 2009