

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 June 2013

	CURRENT QUARTER ENDED 30/06/2013 RM'000	COMPARATIVE QUARTER ENDED 30/06/2012 RM'000	3 Months CUMULATIVE TO 30/06/2013 RM'000	3 Months CUMULATIVE TO 30/06/2012 RM'000
<b>CONTINUING OPERATIONS</b>				
Revenue	20,989	17,704	20,989	17,704
Operating Expenses	(20,381)	(18,469)	(20,381)	(18,469)
Other Income	244	11,445	244	11,445
Profit/(loss) from Operations	852	10,680	852	10,680
Finance costs	(248)	(207)	(248)	(207)
Share of results of an associate	608	571	608	571
Profit/(loss) before tax	1,212	11,044	1,212	11,044
Taxation	(309)	153	(309)	153
Profit/(loss) after taxation from continuing operations	903	11,197	903	11,197
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) after taxation from discontinued operations	(69)	741	(69)	741
Profit/(loss) after taxation	834	11,938	834	11,938
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	834	11,938	834	11,938
Net profit/(loss) attributable to :				
Equity holders of the parent	834	11,563	834	11,563
Minority interests	-	375	-	375
	834	11,938	834	11,938
Total comprehensive income attributable to :				
Owners of the Company	834	11,563	834	11,563
Minority interest	-	375	-	375
	834	11,938	834	11,938
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	2.15	26.66	2.15	26.66
- discontinued operations	(0.16)	0.87	(0.16)	0.87
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	20,989	17,704	20,989	17,704
- discontinued operations	-	1,715	-	1,715
	20,989	19,419	20,989	19,419

## MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2013

	3 Months ENDED 30/06/2013 RM'000	12 MONTHS ENDED 31/03/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax from continuing operations	1,212	13,705
Profit/(loss) before tax from discontinued operations	(69)	516
Net profit before taxation	<u>1,143</u>	<u>14,221</u>
Adjustments for :-		
Allowance for impairment losses on receivables	-	30
Allowance for impairment losses on receivables written back	-	(200)
Amortisation of intangible asset	-	2
Bad debts written off	-	-
Depreciation of property, plant and equipments	481	2,317
Interest expenses	248	954
(gain)/loss on foreign exchange		
Gain on disposal of group classified as held for sale	(107)	(10,279)
Write off other investment		
Write off equipments	1	153
(Write-back of)/ inventories	20	92
Gain on disposal of equipment		(44)
Gain on disposal of non-current asset held for sale		(1,123)
Interest income	(57)	(231)
Share of profit in an associate	(608)	(1,282)
Operating profit before working capital and non-current assets changes	<u>1,121</u>	<u>4,610</u>
Increase in inventories	(1,017)	(5,114)
Increase/(Decrease) in trade and other receivables	1,051	(2,088)
(Increase)/Decrease in trade and other payables	<u>1,734</u>	<u>(1,045)</u>
Cash from/(for) operating activities	2,889	(3,637)
Income tax( paid)/ refunded	(279)	(1,173)
Interest paid	<u>(248)</u>	<u>(954)</u>
Net cash from/(for) operating activities	<u>2,362</u>	<u>(5,764)</u>
<b>Cash Flow From Investing Activities</b>		
Purchase of intangible asset	-	(500)
Cash inflow from disposal of a subsidiary	(4)	
Purchase of property, plant and equipment	(349)	(2,600)
Interest received	57	231
Proceeds from disposal of a subsidiary	56	13,425
Proceeds from disposal of non-current asset held for sale		1,700
Proceeds from disposal of property, plant and equipment	-	52
Net cash/(used in) from investing activities	<u>(240)</u>	<u>12,308</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to a director	-	-
Net drawdown/( repayments) of bank borrowings	<u>(6,316)</u>	<u>705</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(4,194)</u>	<u>7,249</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>17,264</u>	<u>10,015</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>13,070</u>	<u>17,264</u>
<b>Note :</b>		
(1) Cash & Cash Equivalents for the year ended 30 June 2013 consists of the following :-		
<b>Continuing operations:</b>		
Cash & Cash Equivalents	13,070	17,247
Bank Overdraft	0	-
	<u>13,070</u>	<u>17,247</u>
<b>Discontinued operation :</b>		
Cash & Cash Equivalents	0	17
Bank Overdraft	0	-
	<u>13,070</u>	<u>17,264</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013)

MESB BERHAD (337554-D)

STATEMENTS OF FINANCIAL POSITION AS AT 30 June 2013

	AS AT 30/06/2013 RM'000	AS AT 31/03/2013 RM'000
<b>ASSETS</b>		
Non-current assets		
Property, plant & equipment	12,709	12,835
Investment in associated company	7,438	6,830
Other investments	40	40
Intangible asset	500	500
Other assets	0	0
Goodwill on consolidation	24,668	24,668
Current Assets		
Amount owing by contract customers	0	0
Inventories	19,705	18,707
Debtors	13,840	14,892
Tax Recoverable	153	153
Cash and bank balances	13,070	17,247
	<u>46,768</u>	<u>50,999</u>
Non-current asset classified as held for sale	1,605	1,612
Assets of disposal group classified as held for sale		<u>20</u>
	<u>48,373</u>	<u>52,631</u>
<b>Total Assets</b>	<u>93,728</u>	<u>97,504</u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	<u>25,008</u>	<u>24,174</u>
Capital and Reserves	67,008	66,174
Non-controlling interests	<u>0</u>	<u>0</u>
<b>Total equity</b>	<u>67,008</u>	<u>66,174</u>
Non-current liabilities		
Hire purchase creditors	580	650
Deferred tax liabilities	324	264
Term loans	<u>3,751</u>	<u>3,950</u>
	<u>4,655</u>	<u>4,864</u>
Current Liabilities		
Creditors	10,967	9,290
Amount owing to director	76	76
Hire purchase creditors	287	289
Term loans	781	768
Bank overdrafts	0	0
Bankers' acceptances, revolving credit and trust receipts	9,495	15,552
Taxation	<u>459</u>	<u>488</u>
	<u>22,065</u>	<u>26,463</u>
Liabilities of disposal group classified as held for sale	<u>0</u>	<u>3</u>
	<u>22,065</u>	<u>26,466</u>
<b>Total liabilities</b>	<u>26,720</u>	<u>31,330</u>
<b>Total equity and liabilities</b>	<u>93,728</u>	<u>97,504</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.60</u>	<u>1.58</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2013

	← 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 April 2013 :-	42,000	5	24,132	37	66,174	-	66,174
Total comprehensive income for the financial year	-	-	834	-	834	-	834
At 30 June 2013	<u>42,000</u>	<u>5</u>	<u>24,966</u>	<u>37</u>	<u>67,008</u>	<u>-</u>	<u>67,008</u>
At 1 April 2012 :-	42,000	5	11,520	37	53,562	3,759	57,321
Total comprehensive income for the financial year	-	-	11,563	-	11,563	375	11,938
At 30 June 2012	<u>42,000</u>	<u>5</u>	<u>23,083</u>	<u>37</u>	<u>65,125</u>	<u>4,134</u>	<u>69,259</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013)

**MESB BERHAD (337554-D)**  
**Interim Financial Report for the Financial Period Ended 30 June 2013**

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 MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market 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 2013, which have been prepared in compliance with Malaysia Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The significant accounting policies and methods of computation adopted for interim financial report are consistent with those adopted for the audited financial statement for the financial year ended 31 March 2013.

The adoption of the following accounting standards and interpretations (including the consequential amendments) effective for annual periods beginning on or after 1 January 2013 :-

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to MFRSs 2009 – 2011 Cycle

The above accounting standards and interpretations did not have any financial impact on the Group’s financial Statement.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year :-

- MFRS 9 Financial Instruments (effective on or after 1 January 2014)
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities (effective from 1 January 2014)
- Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures (effective from 1 January 2015)

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities (effective from 1 January 2014)  
 Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

**A2. AUDIT REPORT QUALIFICATION**

The audit report on the financial statements for the financial year ended 31 March 2013 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 under review.

**A7. DIVIDENDS PAID**

There were no dividends paid during the period under review.

**A8. SEGMENTAL INFORMATION**

	Investment holding RM'000	Retailing RM'000	Discontinued Operations RM'000	Group RM'000
<b>REVENUE</b>				
Total revenue	26	20,984	-	21,010
Inter-segment revenue	(21)	-	-	(21)
External revenue	5	20,984	-	20,989

## RESULTS

Segment results	(49)	901	(69)	783
Finance costs	(4)	(244)	-	(248)
Share of results of an associate	608	-	-	608
Profit/(Loss) before taxation	555	657	(69)	1,143
Income tax expenses	(59)	(250)	-	(309)
Profit/(Loss) after taxation	496	407	(69)	834

	Investment holding RM'000	Retailing RM'000	Discontinued Operations RM'000	Group RM'000
<b><u>OTHER INFORMATION</u></b>				
<b>Assets</b>				
Segment assets	35,621	48,911	-	84,532
Disposal group	1,605	-	-	1,605
				86,137
Investment in an associates				7,438
Tax recoverable				153
				<u>93,728</u>
<b>Segment liabilities</b>				
Segment liabilities	1,191	24,746	-	25,937
Disposal group	-	-	-	-
				25,937
Provision for taxation				459
Unallocated liabilities				324
				<u>26,720</u>
<b>Capital expenditure</b>	-	(349)	-	(349)
<b>Depreciation</b>	51	430	-	481

### 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 current period ended 30 June 2013.

#### A11. CHANGES IN COMPOSITION OF THE GROUP

Other than below, there were no other material changes in the composition of the Group for the current quarter ended 30 June 2013.

On 11 June 2013, the Company had completed disposal of MESB Development Sdn Bhd to Leong Chee Chung and Koh Keng Keat as announced on 28 May 2013.

#### A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2013 are as follows :-

	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiary	14,026	17,440

#### A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 30 June 2013 are as follows:

Transaction parties	Nature of transaction	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
MX Too Sdn Bhd	Royalty and Sale of products	826	486
Roncato Sdn Bhd	Sale of products	438	351
Orlando Corporation Sdn Bhd	Sale of products	87	-
MESB Technology Sdn Bhd	Sale of products	1	-

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.



**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. PERFORMANCE REVIEW**

During the quarter under review, the Group registered a turnover of RM20.99million, a growth of 8% compared to the revenue of RM19.42million in the preceding year's corresponding quarter. The increase was mainly contributed from the higher sale in leather products.

The Group recorded a lower profit before taxation of RM1.14million as compared with the profit before taxation profit of RM11.83million in the preceding year's corresponding quarter. The profit down by 90% was mainly due to the following gain on disposal group classified as held for sale:-

	Current Quarter 30.06.2013	Preceding year's corresponding quarter 30.06.2012
Gain on disposal of its entire equity interest in wholly subsidiary, MESB Development Sdn Bhd	RM0.11million	
Gain on disposal of its equity interest in subsidiary, Dynamic Communication Link Sdn Bhd	-	RM10.28million

**B2. COMPARISON WITH IMMEDIATE PRECEEDING QUARTER'S RESULTS**

The Group recorded a revenue of RM20.99million, a decline of 7% compared with revenue of RM22.59million in preceding quarter. The decline was mainly due to the lower sale volume registered by retailing business.

The Group recorded a profit before taxation of RM1.14million for the current quarter, as compared to the loss before taxation of RM0.56million for the preceding quarter. The improvement of performance was mainly due to lower operating costs incurred and higher profit from its associate company.

**B3. COMMENTARY ON PROSPECTS**

The Group will continue to focus and expanding on its business of leather goods trading and remains optimistic on the prospects of the Group.

**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
In respect of current period		
- income tax	250	250
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	59	59
	<u>309</u>	<u>309</u>

## B6. CORPORATE PROPOSALS

There were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report except for the following :

On 20 June 2012, the Company had announced the completion of proposed disposal of 275,000 ordinary shares of RM1.00 each representing 55% equity interest in Dynamic Communication Link Sdn Bhd ("DCLSB") to Touch Mindcape Sdn Bhd for a total cash consideration of RM15,000,000.

The status of the utilisation of proceeds at the end of the reporting period are as follow :

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Proceeds RM'000	Deviation		Intended Timeframe for utilisation	Explanations
				RM'000	%		
Working capital	4,700	(3,973)	727	-	-	Within 2 years from the receipt of the proceeds	(a)
Future investments	10,000	(3,800)	6,200	-	-	Within 2 years from the receipt of the proceeds	(b)
Expenses related to the disposal	300	(634)	(334)	(334)	111	Within 1 month from the receipt of the proceeds	(c)
	15,000	(8,407)	6,593				

(a) The balance proceeds is expected to be fully utilized within the intended timeframe.

(b) After funding the shortfall of item (c), the balance of unutilised proceeds has placed into short term deposit until such relevant investment has been identified.

(c) The shortfall of the expenses was funded through item(b)

## B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 June 2013 as follow:-

Short Term	RM'000	RM'000
Hire purchase creditors	287	
Bankers' acceptance	9,495	
Term loans	781	
Bank overdraft	<u>0</u>	10,563
Long Term		
Hire purchase creditors	580	
Term Loans	<u>3,751</u>	4,331
	Total	<u>14,894</u>

The above bank borrowings are secured over certain subsidiaries' properties, corporate guarantee of the Company as well as fixed deposits placed on lien..

## B8. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation at the end of the reporting period.

## B9. DIVIDEND

No dividend has been declared nor recommended for the current period ended 30 June 2013..

## B10. EARNINGS PER SHARE

The basic earnings 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) :-		
-Continuing operations	903	903
-Discontinued operations	(69)	(69)
	<u>834</u>	<u>834</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	2.15	2.15
-Discontinued operations	(0.16)	(0.16)

**B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT**

	As at 30.06.2013 RM'000	As at 31.03.2013 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	18,512	18,226
-Unrealised	(324)	(264)
	<hr/> 18,188	<hr/> 17,962
Total share of retained profit from associates		
- Realised	7,396	6,788
- Unrealised	(618)	(618)
	<hr/> 24,966	<hr/> 24,132

**B12. PROFIT FOR THE PERIOD**

	Current Quarter RM'000	Financial Year to Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	57	57
Other income	80	80
Gain on disposal of equipment	-	-
Gain on disposal of a subsidiary	107	107
Interest expenses	(248)	(248)
Depreciation and amortisation	(481)	(481)
Writedown of inventories	(20)	(20)
Write off of equipment	(1)	(1)
	<hr/> (506)	<hr/> (506)

Other disclosure items pursuant to Note 16 of the Appendix 9B of the Main Market Listing Requirements are not applicable.

**B13. 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

Pang Chia Tyng  
Lim Lee Kuan  
Company Secretaries  
Kuala Lumpur  
26 August 2013