

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	CURRENT QUARTER ENDED 31/12/2015 RM'000	COMPARATIVE QUARTER ENDED 31/12/2014 RM'000	9 Months CUMULATIVE TO 31/12/2015 RM'000	9 Months CUMULATIVE TO 31/12/2014 RM'000
CONTINUING OPERATIONS				
Revenue	32,412	22,511	72,689	62,611
Operating Expenses	(30,977)	(21,724)	(72,162)	(61,587)
Other Income	(338)	202	113	676
Profit/(loss) from Operations	1,097	989	640	1,700
Finance costs	(729)	(155)	(1,138)	(420)
Share of results of an associate	111	368	905	801
Profit/(loss) before tax	479	1,202	407	2,081
Taxation	(192)	(684)	(201)	(685)
Profit/(loss) after taxation from continuing operations	287	518	206	1,396
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	(251)	(303)	(298)
Profit/(loss) after taxation	287	267	(97)	1,098
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	287	267	(97)	1,098
Net profit/(loss) attributable to :				
Equity holders of the parent	287	397	17	1,251
Minority interests	-	(130)	(114)	(153)
	287	267	(97)	1,098
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	287	397	17	1,251
Minority interest	-	(130)	(114)	(153)
	287	267	(97)	1,098
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	0.68	1.23	0.49	3.32
- discontinued operations	-	(0.29)	(0.45)	(0.35)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	32,412	22,511	72,689	62,611
- discontinued operations	-	108	403	108
	32,412	22,619	73,092	62,719

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	AS AT 31/12/2015 RM'000	AS AT 31/03/2015 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	10,249	9,166
Investment in associated company	0	8,929
Other investments	40	40
Intangible asset	500	500
Goodwill on consolidation	25,509	24,668
Current Assets		
Inventories	49,528	17,323
Debtors	25,946	16,079
Tax Recoverable	1,781	0
Cash and bank balances	16,706	30,471
	<u>93,961</u>	<u>63,873</u>
Non-current asset classified as held for sale	8,694	0
Assets of disposal group classified as held for sale	0	0
	<u>102,655</u>	<u>63,873</u>
Total Assets	<u>138,953</u>	<u>107,176</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	40,637	40,620
Capital and Reserves	82,637	82,620
Non-controlling interests	-	133
Total equity	<u>82,637</u>	<u>82,753</u>
Non-current liabilities		
Long term borrowings	8,528	763
Deferred tax liabilities	43	43
	<u>8,571</u>	<u>806</u>
Current Liabilities		
Creditors	23,717	8,528
Short-term borrowings	24,027	14,785
Taxation	1	304
	47,745	23,617
Liabilities of disposal group classified as held for sale	0	0
	<u>47,745</u>	<u>23,617</u>
Total liabilities	<u>56,316</u>	<u>24,423</u>
Total equity and liabilities	<u>138,953</u>	<u>107,176</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)	<u>1.97</u>	<u>1.97</u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	<--- 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 April 2015 : -	42,000	5	40,578	37	82,620	133	82,753
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	17	-	17	(114)	(97)
Disposal of a subsidiary						(19)	(19)
At 31 December 2015	<u>42,000</u>	<u>5</u>	<u>40,595</u>	<u>37</u>	<u>82,637</u>	<u>-</u>	<u>82,637</u>
At 1 April 2014 : -	42,000	5	39,328	37	81,370	-	81,370
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	1,251	-	1,251	(153)	1,098
Subscription of shares in a subsidiary						294	294
At 31 December 2014	<u>42,000</u>	<u>5</u>	<u>40,579</u>	<u>37</u>	<u>82,621</u>	<u>141</u>	<u>82,762</u>

(The above Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	9 Months ENDED 31/12/2015 RM'000	12 MONTHS ENDED 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	407	1,930
Profit/(loss) before tax from discontinued operations	(303)	-
Net profit before taxation	<u>104</u>	<u>1,930</u>
Adjustments for :-		
Allowance for impairment losses on receivables	-	-
Allowance for impairment losses on receivables written back	-	(107)
Amortisation of intangible asset	-	-
Bad debts written off	-	738
Depreciation of property, plant and equipments	1,206	1,734
Interest expenses	1,138	597
(gain)/loss on foreign exchange	334	-
Gain on disposal of a subsidiaries	(118)	-
Loss on disposal of investment	834	-
Write off other investment	-	-
Write off equipments	137	200
Inventories written down/(back)	86	147
Gain on disposal of property and equipment	(433)	(7)
Gain on disposal of non-current asset held for sale	-	-
Interest income	(319)	(583)
Share of profit in an associate	(905)	(1,199)
Operating profit before working capital and non-current assets changes	2,064	3,450
Increase in inventories	(15,213)	(1,739)
Increase/(Decrease) in trade and other receivables	(4,520)	(1,706)
(Increase)/Decrease in trade and other payables	4,737	4,918
Cash from/(for) operating activities	<u>(12,932)</u>	<u>4,923</u>
Income tax(paid)/ refunded	(1,016)	(748)
Interest paid	(1,138)	(597)
Net cash from/(for) operating activities	<u>(15,086)</u>	<u>3,578</u>
Cash Flow From Investing Activities		
Proceeds from issuance of shares to minority interest	-	392
Cash inflow from disposal of a subsidiary	248	-
Purchase of property, plant and equipment	(1,335)	(2,657)
Interest received	319	583
(Upliftment)/Placement of fixed deposits pledged	616	(430)
Acquisition of subsidiary net of cash and cash equivalents	(15,931)	-
Proceeds from disposal of an investment	9,000	-
Proceed from disposal of non-current asset held for sale	-	-
Proceeds from disposal of property, plant and equipment	638	14
Net cash/(used in) from investing activities	(6,445)	(2,098)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayments) of bank borrowings	8,220	(2,492)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(13,311)</u>	<u>(1,012)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	20,681	21,693
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>7,370</u>	<u>20,681</u>

Note :

(1) The Cash & Cash Equivalents comprise of the following :-

	9 Months ENDED 31/12/2015 RM'000	12 MONTHS ENDED 31/03/2015 RM'000
Deposits with licensed banks	9,425	17,461
Cash and bank balances	7,281	12,639
Bank Overdraft	-	-
	<u>16,706</u>	<u>30,100</u>
Less : Deposit pledged to licensed banks	(9,336)	(9,419)
	<u>7,370</u>	<u>20,681</u>

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015)

MESB BERHAD (337554-D)

Interim Financial Report for the Financial Period Ended 31 December 2015

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 2015, 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 2015, except for the adoption of the following accounting standards and interpretations (including the consequential amendments) which are effective for the current financial year :-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards and interpretations are not expected to have material impact on the financial statements of the Group except for MFRS 9 and MFRS 15 as explained in the audited financial statements of the Group for the financial year ended 31 March 2015.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2015 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

	Individual Quarter		Cumulative Quarters	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Investment Holding	-	24	-	76
- Retailing	32,412	22,522	72,689	62,612
	<u>32,412</u>	<u>22,546</u>	<u>72,689</u>	<u>62,688</u>
Discontinued Operations	-	-	481	108
Total Revenue	<u>32,412</u>	<u>22,654</u>	<u>73,170</u>	<u>62,796</u>
Segment Revenue				
- Investment Holding	-	(21)	-	(63)
- Retailing	-	(14)	-	(14)
	-	(35)	-	(77)
Discontinued Operations	-	-	(78)	-
Inter-Segment Revenue	-	(35)	-	(77)
Segment Revenue				
- Investment Holding	-	3	-	13
- Retailing	32,412	22,508	72,689	62,598
	<u>32,412</u>	<u>22,511</u>	<u>72,689</u>	<u>62,611</u>
Discontinued Operations	-	108	403	108
External Revenue	<u>32,412</u>	<u>22,619</u>	<u>73,092</u>	<u>62,719</u>
Segment Results				
- Investment Holding	(1,003)	(178)	(1,470)	(293)
- Retailing	2,100	1,167	2,110	1,993
	<u>1,097</u>	<u>989</u>	<u>640</u>	<u>1,700</u>
Discontinued Operations	-	(251)	(301)	(298)
	<u>1,097</u>	<u>738</u>	<u>339</u>	<u>1,402</u>
Finance costs	(729)	(155)	(1,140)	(420)
Share of results of an associate	111	368	905	801
Profit (Loss) before taxation	<u>479</u>	<u>951</u>	<u>104</u>	<u>1,783</u>
Taxation	(192)	(684)	(201)	(685)
Profit (Loss) before taxation	<u>287</u>	<u>267</u>	<u>(97)</u>	<u>1,098</u>

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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 31 December 2015.

A11. CHANGES IN COMPOSITION OF THE GROUP

Other than disclosed below, there were no other material changes in the composition of the Group during the current financial period ended 31 December 2015:-

- (a) On 1 July 2015, the Company had disposed of its entire equity interest in PC Global Trends Sdn. Bhd. to Mr Tan Chin Hooi comprising 408,000 ordinary shares of RM1.00 each and representing 51% of the issued and paid-up share capital in PC Global, for a total consideration of RM138,700;
- (b) Following to the announcement on 23 July 2015, the acquisition by the Company of the entire equity interest in Active Fit Sdn Bhd for a cash consideration of RM19,000,000 has announced deemed completed on 15 October 2015;
- (c) Following to the announcement on 15 July 2015, the disposal of 600,000 ordinary shares of RM1.00 each representing 40% equity shares in PDC Telecommunication Services Sdn. Bhd. for a total cash consideration of RM9,000,000 has announced completed on 28 October 2015.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2015 are as follows :-

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	25,583	11,495

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the period ended 31 December 2015 are as follows:

Transaction parties	Nature of transaction	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
MX Too Sdn Bhd	Royalty and Sale of products	1,248	2,157
Roncato Sdn Bhd	Sale of products	1,455	1,399
Orlando Corporation Sdn Bhd	Sale of products	157	165
Milazo Pte. Ltd.	Royalty	1,908	935
Jordone Corporation Sdn Bhd	Sale of products	343	-

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.

MESB BERHAD (337554-D)

Interim Financial Report for the Financial Period Ended 31 December 2015

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**

	Individual Quarter		Cumulative Quarters	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Segment Revenue				
- Investment Holding	-	3	-	13
- Retailing	32,412	22,508	72,689	62,598
	<u>32,412</u>	<u>22,511</u>	<u>72,689</u>	<u>62,611</u>
Discontinued Operations	-	108	403	108
	<u>32,412</u>	<u>22,619</u>	<u>73,092</u>	<u>62,719</u>
Segment Results				
- Investment Holding	(1,003)	(178)	(1,470)	(293)
- Retailing	2,100	1,167	2,110	1,993
	<u>1,097</u>	<u>989</u>	<u>640</u>	<u>1,700</u>
Discontinued Operations	-	(251)	(301)	(298)
	<u>1,097</u>	<u>738</u>	<u>339</u>	<u>1,402</u>

a) Performance of current quarter against the preceding year's corresponding quarter

For the current quarter review, the Group recorded an increase in revenue from the continuing operations of 43.98% from RM22.51million to RM32.41million. The increase in revenue was mainly generated from the retailing segment while, the Group profit before taxation for the current quarter was decreased by 60.15% from RM1.20million to RM0.48million was mainly due to the recognition of loss from disposal of Associates Company and higher finance costs from retailing business.

Retailing

Revenue for the current quarter under review increased by 44% to RM32.41million whilst segment profit increased by 79% to RM2.10million as compared to the same period ended 31 December 2014. The increase in revenue and profit before taxation were mainly due to the higher sale volumes from leather goods products and sales generated from the new acquired apparels products.

Holding Investment

The Holding Investment segment recorded an increase in segment loss from RM0.18million to RM1.0million. The increase in segment loss was mainly attributed to the recognition of loss in disposal of Associates Company.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

For the current quarter, the Group revenue from continuing operations increased to RM32.41million from RM22.65million, representing an increase of 43.10% while the Group reported a profit before taxation of RM0.48million, which is a growth of 76.75% as compared to the immediate preceding quarter ended 30 September 2015. These increases were mainly attributed to the higher sales generated from the retailing segment during the holiday seasons and Year-End Sale.

B3. COMMENTARY ON PROSPECTS

Taking into account the industry outlook and challenges for the retailing market in Malaysia, the retail industry is likely to remain highly competitive in coming year, with margins staying under pressure impacted by weak consumer sentiment and higher operation costs due to the depreciation of ringgit currency and GST.

However, the Group is of the opinion that the acquisition of Active Fit Sdn Bhd, a retailer of appeals under JEEP brand is aligned with the Group's corporate strategy to expand the range of available products, create growth, cost savings opportunities and increased scale to serve its customers.

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	201	201
- deferred tax	-	-
In respect of prior year		
- income tax	(9)	-
- deferred tax	-	-
	<u>192</u>	<u>201</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.

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2015 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	87	
Bill payable & Revolving credit	17,773	
Term loans	6,167	
Bank overdraft	<u>0</u>	24,027
Long Term		
Hire purchase creditors	211	
Term Loans	<u>8,317</u>	8,528
Total		<u>32,555</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 financial period ended 31 December 2015.

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	287	206
-Discontinued operations	-	(189)
	<u>287</u>	<u>17</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	0.68	0.49
-Discontinued operations	-	(0.45)

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 31.12.15 RM'000	As at 31.12.14 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	21,146	29,320
- Unrealised	(43)	(43)
	<u>21,103</u>	<u>29,277</u>
Total share of retained profit from associates		
- Realised	-	8,389
- Unrealised	-	(518)
	<u>-</u>	<u>7,871</u>
	<u>21,103</u>	<u>37,148</u>
Add : Consolidated adjustments	19,492	3,431
The Group's retained profit as per consolidated accounts	<u>40,595</u>	<u>40,579</u>

B12. PROFIT FOR THE PERIOD

	Current Quarter RM'000	Financial Year to Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	53	319
Other income	12	78
Gain on disposal of a subsidiary	-	118
Gain/(loss) on disposal of equipment	433	433
Interest expenses	(729)	(1,138)
Depreciation and amortisation	(365)	(1,206)
Inventories written down	(17)	(86)
Loss on disposal of investment	(834)	(834)
Loss on foreign exchange	(334)	(334)
Write off equipment	(137)	(137)
	<u>(1,918)</u>	<u>(2,787)</u>

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.