

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	CURRENT QUARTER ENDED 30/09/2016 RM'000	COMPARATIVE QUARTER ENDED 30/09/2015 RM'000	6 Months CUMULATIVE TO 30/09/2016 RM'000	6 Months CUMULATIVE TO 30/09/2015 RM'000
CONTINUING OPERATIONS				
Revenue	28,274	22,650	66,986	40,277
Operating Expenses	(29,469)	(22,724)	(66,026)	(41,185)
Other Income	6	195	299	333
Profit/(loss) from Operations	(1,189)	121	1,259	(575)
Finance costs	(465)	(221)	(912)	(409)
Share of results of an associate	-	371	-	794
Profit/(loss) before tax	(1,654)	271	347	(190)
Taxation	287	(4)	(719)	(9)
Profit/(loss) after taxation from continuing operations	(1,367)	267	(372)	(199)
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	-	-	(185)
Profit/(loss) after taxation	(1,367)	267	(372)	(384)
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	(1,367)	267	(372)	(384)
Net profit/(loss) attributable to :				
Equity holders of the parent	(1,367)	267	(372)	(270)
Minority interests	-	-	-	(114)
	(1,367)	267	(372)	(384)
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	(1,367)	267	(372)	(270)
Minority interest	-	-	-	(114)
	(1,367)	267	(372)	(384)
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(3.25)	0.64	(0.89)	(0.19)
- discontinued operations	-	-	-	(0.45)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	28,274	22,650	66,986	40,277
- discontinued operations	-	-	-	403
	28,274	22,650	66,986	40,680

(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 2016)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	AS AT 30/09/16 RM'000	AS AT 31/03/2016 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	9,382	9,705
Investment property	511	511
Investment in associated company	0	0
Other investments	0	0
Intangible asset	25,690	25,690
Deferred Taxation	5	391
Total non-current assets	<u>35,588</u>	<u>36,297</u>
Current Assets		
Inventories	52,514	45,502
Debtors	20,348	28,555
Tax Recoverable	2,525	1,929
Cash and bank balances	25,574	17,980
	<u>100,961</u>	<u>93,966</u>
Non-current asset classified as held for sale	0	0
Assets of disposal group classified as held for sale	<u>0</u>	<u>0</u>
	<u>100,961</u>	<u>93,966</u>
Total Assets	<u>136,549</u>	<u>130,263</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	<u>41,583</u>	<u>41,955</u>
Capital and Reserves	83,583	83,955
Non-controlling interests	<u>-</u>	<u>0</u>
Total equity	<u>83,583</u>	<u>83,955</u>
Non-current liabilities		
Long term borrowings	4,745	4,127
Deferred tax liabilities	<u>120</u>	<u>0</u>
	<u>4,865</u>	<u>4,127</u>
Current Liabilities		
Creditors	<u>27,829</u>	<u>24,864</u>
Short-term borrowings	20,272	17,317
Taxation	<u>0</u>	<u>0</u>
	48,101	42,181
Liabilities of disposal group classified as held for sale	<u>0</u>	<u>0</u>
	<u>48,101</u>	<u>42,181</u>
Total liabilities	<u>52,966</u>	<u>46,308</u>
Total equity and liabilities	<u>136,549</u>	<u>130,263</u>
 Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.99</u>	<u>2.00</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 2016)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	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 2016 :-	42,000	5	41,913	37	83,955	83,955
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(372)	-	(372)	(372)
At 30 September 2016	42,000	5	41,541	37	83,583	83,583
At 1 April 2015 :-	42,000	5	40,578	37	82,620	82,753
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(270)	-	(270)	(384)
Subscription of shares in a subsidiary					(19)	(19)
At 30 September 2015	42,000	5	40,308	37	82,350	82,350

(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 2016)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	6 Months ENDED 30/09/2016 RM'000	12 Months ENDED 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	347	1,822
Profit/(loss) before tax from discontinued operations	-	(303)
Net profit before taxation	<u>347</u>	<u>1,519</u>
Adjustments for :-		
Deposit written off	-	5
Loss on other investment	-	40
Depreciation of property, plant and equipments	1,042	1,819
Depreciation of investment property	-	13
Interest expenses	858	1,368
Loss on disposal of assets held for sale	-	5
Loss on disposal of investment	-	835
Write off equipments	531	206
Bad debts written off	12	-
Inventories written down/(back)	47	154
Gain on disposal of property and equipment	(3)	(364)
Gain on foreign exchange	54	-
Reversal/ (gain) on compensation recoverable arising from acquisition of subsidiary	1,542	(1,542)
Interest income	(195)	(436)
Share of profit in an associate	-	(906)
Operating profit before working capital and non-current assets changes	<u>4,235</u>	<u>2,716</u>
Increase in inventories	(7,061)	(11,253)
Increase/(Decrease) in trade and other receivables	5,289	(4,945)
(Increase)/Decrease in trade and other payables	<u>4,275</u>	<u>5,720</u>
Cash from/(for) operating activities	6,738	(7,762)
Income tax(paid)/ refunded	(809)	(1,846)
Interest paid	<u>(858)</u>	<u>(1,368)</u>
Net cash from/(for) operating activities	<u>5,071</u>	<u>(10,776)</u>
Cash Flow From Investing Activities		
Proceeds from issuance of shares to minority interest	-	-
Cash inflow from disposal of a subsidiary	-	248
Purchase of property, plant and equipment	(1,104)	(1,928)
Interest received	195	436
Upliftment/(Placement) of fixed deposits pledged	(246)	(2,175)
Acquisition of subsidiary net of cash and cash equivalents	-	(15,399)
Proceeds from disposal of an investment	-	9,000
Proceeds from disposal of non-current asset held for sale	-	8,690
Proceeds from disposal of property, plant and equipment	<u>46</u>	<u>641</u>
Net cash/(used in) from investing activities	(1,109)	(487)
Cash Flow from financing activities		
Net drawdown/(repayments) of bank borrowings	<u>2,195</u>	<u>(3,939)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>6,157</u>	<u>(15,202)</u>
Cash and cash equivalents at beginning of the year	5,479	20,681
Cash and cash equivalents at end of the period	<u>11,636</u>	<u>5,479</u>
Note :		
The Cash & Cash Equivalents comprise of the following :-		
	6 Months ENDED 30/09/2016 RM'000	12 Months ENDED 31/03/2016 RM'000
Deposits with licensed banks	11,841	11,594
Less Pledged deposits	<u>(11,841)</u>	<u>(11,594)</u>
Cash and bank balances	13,577	6,232
Highly liquid investments with financial institutions	156	154
Bank Overdraft	<u>(2,097)</u>	<u>(907)</u>
	<u>11,636</u>	<u>5,479</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 2016)

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Period Ended 30 September 2016

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 2016, 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 signification 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 2016, except for the adoption of the following accounting standards and interpretations (including the consequential amendments) which are effective for the current financial year :-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 2016.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2016 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	
	30/09/16 RM'000	30/09/15 RM'000	30/09/16 RM'000	30/09/15 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	28,274	22,650	66,986	40,277
Total Revenue	<u>28,274</u>	<u>22,650</u>	<u>66,986</u>	<u>40,277</u>
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	-	-	-	-
Inter-Segment Revenue	-	-	-	-
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	28,274	22,650	66,986	40,277
External Revenue	<u>28,274</u>	<u>22,650</u>	<u>66,986</u>	<u>40,277</u>
Segment profit/(Loss)				
- Investment Holding	(223)	(447)	(1,637)	(467)
- Retailing	(966)	568	2,896	10
	(1,189)	121	1,259	(457)
Finance costs	(465)	(221)	(912)	(409)
Share of results of an associate	-	371	-	794
Taxation	287	(4)	(719)	(9)
Loss on discontinued operation attributable to Group	-	-	-	(303)
Total comprehensive income/(expenses) for the year/period	<u>(1,367)</u>	<u>267</u>	<u>(372)</u>	<u>(384)</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 financial period ended 30 September 2016.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no other material changes in the composition of the Group during the current financial period ended 30 September 2016.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 September 2016 are as follows :-

	As at 30/09/2016 RM'000	As at 30/09/2015 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	22,281	20,984

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 30 September 2016 are as follows:

Transaction parties	Nature of transaction	As at 30/09/2016 RM'000	As at 30/09/2015 RM'000
MX Too Sdn Bhd	Sale and Purchase of products and Royalty	42	1,248
Roncato Sdn Bhd	Sale of products	627	1,132
Orlando Corporation Sdn Bhd	Sale of products	28	103
Milazo Pte. Ltd.	Royalty	1,541	765
Jordone Corporation Sdn Bhd	Sale of products and Rental charges	108	-
Branded Platform Sdn Bhd	Sale of products	442	-

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 30 September 2016

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	
	30/09/16 RM'000	30/09/15 RM'000	30/09/16 RM'000	30/09/15 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	28,274	22,650	66,986	40,277
	<u>28,274</u>	<u>22,650</u>	<u>66,986</u>	<u>40,277</u>
Segment profit/(Loss)				
- Investment Holding	(223)	(447)	(1,637)	(467)
- Retailing	(966)	568	2,896	10
	<u>(1,189)</u>	<u>121</u>	<u>1,259</u>	<u>(457)</u>

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

For the current quarter under review, the Group's revenue increased by 24.83% to RM28.27 million as compared to RM22.65 million in preceding year's corresponding quarter. The increase in revenue was mainly due to the consolidation of the new subsidiary into the Group and contributions from the new apparel line, which was acquired in August 2015.

The Group reported a loss before tax of RM1.65 million compared to a profit after tax of RM0.27 million in the same period last year. This was mainly due the seasonal trend in retailing business.

Retailing

For the current quarter under review, revenue from this segment increased by 24.83% to RM28.28 million as compared to RM22.65 million in the corresponding quarter last year. This was primarily contributed by the newly acquired apparel brands as mentioned above.

The segment reported a loss of RM0.97 million compared to a profit of RM0.57 million in the same period of last year. The decline in segment result was mainly due to the end of Hari Raya shopping season.

Holding Investment

The Holding Investment Segment's loss decreased to RM0.22 million for the quarter under review compared to RM0.45 million for corresponding quarter of the preceding year. The decline in loss was mainly due to lower operating expenses.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group's current quarter revenue declined by 26.96% to RM28.27 million as compared to RM38.71 million recorded in the preceding quarter primarily due to lower consumer spending in this quarter.

Group reported a loss before tax of RM1.65 million compared to a profit before tax of RM2.00 million in the immediate preceding quarter. This mainly due to the lower revenue generated from its retailing segment.

B3. COMMENTARY ON PROSPECTS

The greatest challenge in 2016 for the retail industry in Malaysia is still consumer spending. Although, the Goods and Services Tax (GST) is gradually accepted by consumers after one year its implementation, consumers remain cautious in their spending. In addition, prices of retail goods and services had been increasing gradually since early 2016, partly due to weakening Malaysian Ringgit and the government's subsidy rationalisation plans.

The Group will continue to take measures to attract customers and make more sales as well as to maximize profits 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	(463)	543
- deferred tax	-	-
In respect of prior year		
- income tax	(330)	(330)
- deferred tax	506	506
	<u>(287)</u>	<u>719</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 30 September 2016 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	78	
Bill payable and Bankers' acceptance	15,873	
Term loans	2,224	
Bank overdraft	<u>2,097</u>	20,272
Long Term		
Hire purchase creditors	330	
Term Loans	<u>4,415</u>	4,745
Total		<u>25,017</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 financial period ended 30 September 2016.

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	(1,367)	(372)
-Discontinued operations	-	-
	<u>(1,367)</u>	<u>(372)</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	(3.25)	(0.89)
-Discontinued operations	-	-

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 30.09.2016 RM'000	As at 30.09.2015 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	61,339	26,058
- Unrealised	183	(43)
	<u>61,522</u>	<u>26,015</u>
Total share of retained profit from associates		
- Realised	-	9,471
- Unrealised	-	(408)
	<u>-</u>	<u>9,063</u>
	<u>61,522</u>	<u>35,078</u>
Add : Consolidated adjustments	(19,981)	5,230
The Group's retained profit as per consolidated accounts	<u>41,541</u>	<u>40,308</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	118	195
Other income	(3)	213
Gain on disposal of property, plant and equipment	3	3
Reversal of compensation recoverable arising from acquisition of subsidiary	-	(1,542)
Interest expenses	(411)	(858)
Bad debts	(12)	(12)
Depreciation and amortisation	(520)	(1,042)
Loss on foreign exchange	(54)	(54)
Inventories written down	-	(47)
Write off equipment	(188)	(531)
	<u>(1,067)</u>	<u>(3,675)</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.