

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	CURRENT QUARTER ENDED 31/12/2016 RM'000	COMPARATIVE QUARTER ENDED 31/12/2015 RM'000	9 Months CUMULATIVE TO 31/12/2016 RM'000	9 Months CUMULATIVE TO 31/12/2015 RM'000
CONTINUING OPERATIONS				
Revenue	36,231	32,412	103,217	72,689
Operating Expenses	(33,418)	(30,982)	(99,444)	(72,167)
Other Income	(17)	(333)	282	-
Profit/(loss) from Operations	2,796	1,097	4,055	522
Finance costs	(884)	(729)	(1,796)	(1,138)
Share of results of an associate	-	111	-	905
Profit/(loss) before tax	1,912	479	2,259	289
Taxation	(706)	(192)	(1,425)	(201)
Profit/(loss) after taxation from continuing operations	1,206	287	834	88
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	-	-	(185)
Profit/(loss) after taxation	1,206	287	834	(97)
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	1,206	287	834	(97)
Net profit/(loss) attributable to :				
Equity holders of the parent	1,206	287	834	17
Minority interests	-	-	-	(114)
	1,206	287	834	(97)
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	1,206	287	834	17
Minority interest	-	-	-	(114)
	1,206	287	834	(97)
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	2.87	0.68	1.99	0.21
- discontinued operations	-	-	-	(0.17)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	36,231	32,412	103,217	72,689
- discontinued operations	-	-	-	403
	36,231	32,412	103,217	73,092

(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 31 DECEMBER 2016

	AS AT 31/12/16 RM'000	AS AT 31/03/2016 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	9,584	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	35,790	36,297
Current Assets		
Inventories	53,936	45,502
Debtors	26,592	28,555
Tax Recoverable	2,565	1,929
Cash and bank balances	29,329	17,980
	112,422	93,966
Non-current asset classified as held for sale	0	0
Assets of disposal group classified as held for sale	0	0
	112,422	93,966
Total Assets	148,212	130,263
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	42,789	41,955
Capital and Reserves	84,789	83,955
Non-controlling interests	-	0
Total equity	84,789	83,955
Non-current liabilities		
Long term borrowings	4,855	4,127
Deferred tax liabilities	120	0
	4,975	4,127
Current Liabilities		
Creditors	29,543	24,864
Short-term borrowings	28,618	17,317
Taxation	287	0
	58,448	42,181
Liabilities of disposal group classified as held for sale	0	0
	58,448	42,181
Total liabilities	63,423	46,308
Total equity and liabilities	148,212	130,263
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	2.02	2.00

(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 31 DECEMBER 2016

	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		
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	-	-	834	-	834	834
At 31 December 2016	<u>42,000</u>	<u>5</u>	<u>42,747</u>	<u>37</u>	<u>84,789</u>	<u>84,789</u>
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	-	-	17	-	17	(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>82,637</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 2016)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	9 Months ENDED 31/12/2016 RM'000	12 Months ENDED 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	2,259	1,822
Profit/(loss) before tax from discontinued operations	-	(303)
Net profit before taxation	<u>2,259</u>	<u>1,519</u>
Adjustments for :-		
Deposit written off	-	5
Loss on other investment	-	40
Depreciation of property, plant and equipments	1,552	1,819
Depreciation of investment property	-	13
Interest expenses	1,410	1,368
Loss on disposal of assets held for sale	-	5
Loss on disposal of investment	-	835
Write off equipments	579	206
Bad debts written off	64	-
Inventories written down/(back)	291	154
Gain on disposal of property and equipment	(3)	(364)
Loss on foreign exchange	388	-
Reversal/ (provision) of compensation recoverable arising from acquisition of subsidiary	1,542	(1,542)
Interest income	(245)	(436)
Share of profit in an associate	-	(908)
Operating profit before working capital and non-current assets changes	<u>7,837</u>	<u>2,716</u>
Increase in inventories	(8,727)	(11,253)
Increase/(Decrease) in trade and other receivables	(980)	(4,945)
(Increase)/Decrease in trade and other payables	<u>5,629</u>	<u>5,720</u>
Cash from/(for) operating activities	3,759	(7,762)
Income tax (paid)/refunded	(1,268)	(1,646)
Interest paid	<u>(1,410)</u>	<u>(1,368)</u>
Net cash from/(for) operating activities	<u>1,081</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	(1,865)	(1,928)
Interest received	245	436
Upliftment/(Placement) of fixed deposits pledged	(1,292)	(2,175)
Acquisition of subsidiary net of cash and cash equivalents	-	(15,399)
Proceeds from disposal of an investment	-	9,000
Proceed from disposal of non-current asset held for sale	-	8,090
Proceeds from disposal of property, plant and equipment	46	641
Net cash/(used in) from investing activities	<u>(2,866)</u>	<u>(487)</u>
Cash Flow from financing activities		
Net drawdown/(repayments) of bank borrowings	<u>10,367</u>	<u>(3,939)</u>
	<u>10,367</u>	<u>(3,939)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	8,582	(15,202)
Cash and cash equivalents at beginning of the year	<u>5,479</u>	<u>20,681</u>
Cash and cash equivalents at end of the period	<u>14,061</u>	<u>5,479</u>
Note :		
The Cash & Cash Equivalents comprise of the following :-		
	9 Months ENDED 31/12/2016 RM'000	12 Months ENDED 31/03/2016 RM'000
Deposits with licensed banks	12,886	11,594
Less Pledged deposits	<u>(12,886)</u>	<u>(11,594)</u>
	-	-
Cash and bank balances	16,285	6,232
Highly liquid investments with financial institutions	158	154
Bank Overdraft	<u>(2,382)</u>	<u>(907)</u>
	<u>14,061</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 31 December 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	
	31/12/16 RM'000	31/12/15 RM'000	31/12/16 RM'000	31/12/15 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	36,231	32,412	103,217	72,689
Total Revenue	36,231	32,412	103,217	72,689
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	-	-	-	-
Inter-Segment Revenue	-	-	-	-
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	36,231	32,412	103,217	72,689
External Revenue	36,231	32,412	103,217	72,689
Segment profit/(Loss)				
- Investment Holding	(121)	(1,003)	(1,758)	(1,470)
- Retailing	2,917	2,100	5,813	2,110
	2,796	1,097	4,055	640
Finance costs	(884)	(729)	(1,796)	(1,138)
Share of results of an associate	-	111	-	905
Taxation	(706)	(192)	(1,425)	(201)
Loss on discontinued operation attributable to Group	-	-	-	(303)
Total comprehensive income/(expenses) for the year/period	1,206	287	834	(97)

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 31 December 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 31 December 2016.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2016 are as follows :-

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	33,082	25,583

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 December 2016 are as follows:

Transaction parties	Nature of transaction	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
MX Too Sdn Bhd	Sale and Purchase of products and Royalty	68	1,248
Roncato Sdn Bhd	Sale of products	826	1,455
Orlando Corporation Sdn Bhd	Sale of products	28	157
Milazo Pte. Ltd.	Royalty	1,598	1,908
Jordone Corporation Sdn Bhd	Sale of products and Rental charges	108	343
Branded Platform Sdn Bhd	Sale of products	692	-

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 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	
	31/12/16 RM'000	31/12/15 RM'000	31/12/16 RM'000	31/12/15 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	36,231	32,412	103,217	72,689
	<u>36,231</u>	<u>32,412</u>	<u>103,217</u>	<u>72,689</u>
Segment profit/(Loss)				
- Investment Holding	(121)	(1,003)	(1,758)	(1,470)
- Retailing	2,917	2,100	5,813	2,110
	<u>2,796</u>	<u>1,097</u>	<u>4,055</u>	<u>640</u>

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

For the current quarter under review, the Group recorded revenue of approximately RM36.23 million, representing 11.78% increment compared with preceding year's corresponding quarter. The increase in revenue was attributable to business growth in the retailing division through the impact of the acquisition plans.

The Group's profit before taxation increased by RM1.43 million to RM1.91 million as compared to RM0.48 million in preceding year's corresponding quarter. The increase in profit was mainly due to increased revenue in retailing segment and the recognition loss on disposal of associate in preceding year's corresponding quarter.

Retailing

For the current quarter under review, this segment revenue and profit increased by 11.78% and 38.90% to RM36.23 million and RM2.92 million respectively. The increase was primarily due to the same factor that impacted the Group's revenue as elaborated above.

Holding Investment

The Holding Investment Segment's loss decreased to RM0.12 million for the quarter under review compared to RM1.00 million for corresponding quarter of the preceding year. The decline in loss was mainly due to the recognition loss on disposal of associate in preceding year's corresponding quarter.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group revenue increased 28.14% to RM36.23 million in the current quarter as compared to RM28.27 million in the immediate preceding quarter, while the group recorded a profit before taxation of RM1.91 million in the current quarter, compared to a loss of RM1.65 million in the immediate preceding quarter. The positive growth in profit before taxation was mainly due to the higher revenue contributed by retailing segment.

B3. COMMENTARY ON PROSPECTS

In view of the weak ringgit exchange rate and changes in the administered prices of several goods and services, we anticipate the market conditions to remain challenging and competitive.

The Group will continue to focus on improving operational efficiencies across its core business segment and continues to achieve a satisfactory result in the coming financial year.

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	699	1,242
- deferred tax	-	-
In respect of prior year		
- income tax	7	(323)
- deferred tax	-	506
	<u>706</u>	<u>1,425</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 2016 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	78	
Bill payable and Bankers' acceptance	24,069	
Term loans	2,089	
Bank overdraft	<u>2,382</u>	28,618
Long Term		
Hire purchase creditors	313	
Term Loans	<u>4,542</u>	4,855
Total		<u>33,473</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 31 December 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	1,206	834
-Discontinued operations	-	-
	<u>1,206</u>	<u>834</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	2.87	1.99
-Discontinued operations	-	-

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	62,838	60,130
- Unrealised	(110)	(43)
	<u>62,728</u>	<u>60,087</u>
Total share of retained profit from associates		
- Realised	-	-
- Unrealised	-	-
	<u>-</u>	<u>-</u>
	<u>62,728</u>	<u>60,087</u>
Add : Consolidated adjustments	(19,981)	(19,492)
The Group's retained profit as per consolidated accounts	<u>42,747</u>	<u>40,595</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	50	245
Other income	(24)	189
Gain on disposal of property, plant and equipment	-	3
Reversal compensation recoverable arising from acquisition of subsidiary	-	(1,542)
Interest expenses	(552)	(1,410)
Bad debts	(52)	(64)
Depreciation and amortisation	(510)	(1,552)
Loss on foreign exchange	(334)	(388)
Inventories written down	(244)	(291)
Write off equipment	(48)	(579)
	<u>(1,714)</u>	<u>(5,389)</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.