

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	CURRENT QUARTER ENDED 31/03/2017 RM'000	COMPARATIVE QUARTER ENDED 31/03/2016 RM'000	12 Months CUMULATIVE TO 31/03/2017 RM'000	12 Months CUMULATIVE TO 31/03/2016 RM'000
CONTINUING OPERATIONS				
Revenue	32,007	34,393	135,224	107,082
Operating Expenses	(36,533)	(35,122)	(135,977)	(107,289)
Other Income	424	2,373	706	2,491
Profit/(loss) from Operations	(4,102)	1,644	(47)	2,284
Finance costs	53	(229)	(1,743)	(1,368)
Share of results of an associate	-	-	-	906
Profit/(loss) before tax	(4,049)	1,415	(1,790)	1,822
Taxation	586	(215)	(839)	(416)
Profit/(loss) after taxation from continuing operations	(3,463)	1,200	(2,629)	1,406
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	118	-	(185)
Profit/(loss) after taxation	(3,463)	1,318	(2,629)	1,221
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	(3,463)	1,318	(2,629)	1,221
Net profit/(loss) attributable to :				
Equity holders of the parent	(3,463)	1,318	(2,629)	1,335
Minority interests	-	-	-	(114)
	(3,463)	1,318	(2,629)	1,221
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	(3,463)	1,318	(2,629)	1,335
Minority interest	-	-	-	(114)
	(3,463)	1,318	(2,629)	1,221
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(8.25)	2.86	(6.26)	3.36
- discontinued operations	-	0.28	-	(0.17)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	32,007	34,393	135,224	107,082
- discontinued operations	-	-	-	403
	32,007	34,393	135,224	107,485

(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 MARCH 2017**

	AS AT 31/03/2017 RM'000	AS AT 31/03/2016 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	9,379	9,705
Investment property	498	511
Intangible asset	25,167	25,690
Deferred Taxation	0	391
Total non-current assets	<u>35,044</u>	<u>36,297</u>
Current Assets		
Inventories	46,114	45,502
Debtors	22,351	28,555
Tax Recoverable	3,103	1,929
Cash and bank balances	26,780	17,980
	<u>98,348</u>	<u>93,966</u>
Total Assets	<u>133,392</u>	<u>130,263</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	39,326	41,955
Capital and Reserves	81,326	83,955
Non-controlling interests	-	-
Total equity	<u>81,326</u>	<u>83,955</u>
Non-current liabilities		
Long term borrowings	4,198	4,127
Deferred tax liabilities	32	-
	<u>4,230</u>	<u>4,127</u>
Current Liabilities		
Creditors	21,059	24,864
Short-term borrowings	26,777	17,317
Taxation	0	0
	<u>47,836</u>	<u>42,181</u>
Total liabilities	<u>52,066</u>	<u>46,308</u>
Total equity and liabilities	<u>133,392</u>	<u>130,263</u>
 Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.94</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 YEAR ENDED 31 MARCH 2017

	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			
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	-	-	(2,629)	-	(2,629)	-	(2,629)
At 31 March 2017	<u>42,000</u>	<u>5</u>	<u>39,284</u>	<u>37</u>	<u>81,326</u>	<u>-</u>	<u>81,326</u>
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	-	-	1,335	-	1,335	(114)	1,221
Disposal of a subsidiary						(19)	(19)
At 31 March 2016	<u>42,000</u>	<u>5</u>	<u>41,913</u>	<u>37</u>	<u>83,955</u>	<u>-</u>	<u>83,955</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 YEAR ENDED 31 MARCH 2017

	12 Months ENDED 31/03/2017 RM'000	12 Months ENDED 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	(1,790)	1,822
Profit/(loss) before tax from discontinued operations	-	(303)
Net profit before taxation	<u>(1,790)</u>	<u>1,519</u>
Adjustments for :-		
Deposit written off	-	5
Allowance for impairment losses on receivables	51	-
Impairment loss of goodwill	523	-
Loss on other investment	-	40
Depreciation of property, plant and equipments	2,078	1,819
Depreciation of investment properly	-	13
Interest expenses	1,743	1,368
Loss on disposal of assets held for sale	-	5
Loss on disposal of investment	-	835
Write off equipments	750	206
Bad debts written off	13	-
Inventories written down/(back)	15	154
Gain on disposal of property and equipment	47	(384)
Loss on foreign exchange	-	-
Reversal/ (provision) of compensation recoverable arising from acquisition of subsidiary	1,542	(1,542)
Interest income	(476)	(436)
Share of profit in an associate	-	(906)
Operating profit before working capital and non-current assets changes	<u>4,496</u>	<u>2,716</u>
Increase in inventories	(629)	(11,253)
Increase/(Decrease) in trade and other receivables	4,549	(4,945)
(Increase)/Decrease in trade and other payables	<u>(3,805)</u>	<u>5,720</u>
Cash from/(for) operating activities	4,611	(7,762)
Income tax(paid)/ refunded	(1,590)	(1,646)
Interest paid	<u>(1,743)</u>	<u>(1,368)</u>
Net cash from/(for) operating activities	<u>1,278</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	(2,533)	(1,928)
Interest received	476	436
Upliftment/(Placement) of fixed deposits pledged	(1,433)	(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	-	8,690
Proceeds from disposal of property, plant and equipment	46	641
Net cash/(used in) from investing activities	<u>(3,444)</u>	<u>(487)</u>
Cash Flow from financing activities		
Net drawdown/(repayments) of bank borrowings	<u>8,097</u>	<u>(3,939)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>5,931</u>	<u>(15,202)</u>
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>11,410</u>	<u>5,479</u>
Note :		
The Cash & Cash Equivalents comprise of the following :-		
	12 Months ENDED 31/03/2017 RM'000	12 Months ENDED 31/03/2016 RM'000
Deposits with licensed banks	13,027	11,594
Less Pledged deposits	<u>(13,027)</u>	<u>(11,594)</u>
Cash and bank balances	13,593	6,232
Highly liquid investments with financial institutions	159	154
Bank Overdraft	<u>(2,342)</u>	<u>(907)</u>
	<u>11,410</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 Report For The Financial Year Ended 31 March 2017

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	
	31/03/17 RM'000	31/03/16 RM'000	31/03/17 RM'000	31/03/16 RM'000
Segment Revenue				
- Investment Holding	30	-	30	-
- Retailing	33,543	34,471	136,760	107,562
Total Revenue	<u>33,573</u>	<u>34,471</u>	<u>136,790</u>	<u>107,562</u>
Segment Revenue				
- Investment Holding	(30)	-	(30)	-
- Retailing	(1,536)	(78)	(1,536)	(78)
Inter-Segment Revenue	<u>(1,566)</u>	<u>(78)</u>	<u>(1,566)</u>	<u>(78)</u>
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	32,007	34,393	135,224	107,484
External Revenue	<u>32,007</u>	<u>34,393</u>	<u>135,224</u>	<u>107,484</u>
Segment profit/(Loss)				
- Investment Holding	(832)	832	(2,590)	(638)
- Retailing	(3,270)	812	2,543	2,922
	<u>(4,102)</u>	<u>1,644</u>	<u>(47)</u>	<u>2,284</u>
Finance costs	53	(229)	(1,743)	(1,368)
Share of results of an associate	-	-	-	906
Consolidated profit/(loss) before taxation and discontinued operation	<u>(4,049)</u>	<u>1,415</u>	<u>(1,790)</u>	<u>1,822</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 subsequent events to the balance sheet date.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in this quarter.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2017 are as follows:-

	As at 31/03/2017 RM'000	As at 31/03/2016 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	30,602	21,212

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial year ended 31 March 2017 are as follows:

Transaction parties	Nature of transaction	As at 31/03/2017 RM'000	As at 31/03/2016 RM'000
MX Too Sdn Bhd	Sale and Purchase of products and Royalty	74	1,248
Roncato Sdn Bhd	Sale of products	1,017	1,831
Orlando Corporation Sdn Bhd	Sale of products	28	219
Milazo Pte. Ltd.	Royalty	1,669	2,346
Jordone Corporation Sdn Bhd	Sale of products and Rental charges	108	978
Branded Platform Sdn Bhd	Sale of products	1,034	-

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 Report For The Financial Year Ended 31 March 2017

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	
	31/03/17	31/03/16	31/03/17	31/03/16
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	32,007	34,393	135,224	107,484
	<u>32,007</u>	<u>34,393</u>	<u>135,224</u>	<u>107,484</u>
Segment profit/(Loss)				
- Investment Holding	(832)	832	(2,590)	(638)
- Retailing	(3,270)	812	2,543	2,922
	<u>(4,102)</u>	<u>1,644</u>	<u>(47)</u>	<u>2,284</u>

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

The Group's revenue declined by 6.94% to RM32.01 million as compared to RM34.39 million in the same last year quarter. The decline in revenue in the fourth quarter were affected by a continued negative impact from soft market condition.

The Group's reported a loss before tax of RM4.05 million compared to a profit after tax of RM1.41 million in the preceding year's corresponding quarter. The Group reported a loss in the current quarter was primarily due to weak performance in apparels business and higher operating costs to support expansion of apparels business.

Retailing

The Retailing Segment revenue and result were not satisfactory. Overall the segment revenue decreased from RM34.39 million to RM32.01million while the segment result decreased from a profit of RM0.81 million to a loss of RM3.27 million. The retailing segment underperformed was due to the prolonged and on-going soft market conditions.

Holding Investment

The Holding Investment Segment reported decrease in segment results from a profit of RM0.83 million to a loss of RM0.83 million. The decline in segment result was mainly due to the non-recurring income recognized in the preceding year's corresponding quarter in respect of the compensation recoverable arising from the acquisition of subsidiary.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

For the current quarter, the Group revenue decreased to RM32.01 million from RM36.23 million, representing a decrease of 11.66% while the Group reported a loss before taxation of RM4.05 million in the current quarter compared to a profit before taxation of RM1.91 million in the immediate preceding quarter. These decreases were mainly attributed to the lower sales generated from the retailing segment, higher staff costs and an impairment charge of RM0.52 million in respect of the goodwill arose from the acquisition of subsidiary in apparel business.

B3. COMMENTARY ON PROSPECTS

The outlook for Malaysia retailing industry expected to remain challenging given expectations of persistent weak Malaysian Ringgit and soft consumer spending. Despite the current volatile market condition, the Board hold an optimistic view for the next financial year, the retailing business will expect to deliver satisfactory performance as Malaysia's private consumption is anticipated to remain supported by wage and employment growth as well as additional disposable income from Government measures.

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	(458)	784
- deferred tax	(84)	(84)
In respect of prior year		
- income tax	(44)	(367)
- deferred tax	-	506
	<u>(586)</u>	<u>839</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 March 2017 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	73	
Bankers' acceptance	22,178	
Term loans	2,184	
Bank overdraft	<u>2,342</u>	26,777
Long Term		
Hire purchase creditors	300	
Term Loans	<u>3,898</u>	4,198
Total		<u>30,975</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 year ended 31 March 2017.

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	(3,463)	(2,629)
-Discontinued operations	-	-
	<u>(3,463)</u>	<u>(2,629)</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	(8.25)	(6.26)
-Discontinued operations	-	-

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 31.03.17 RM'000	As at 31.03.16 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	59,783	57,596
- Unrealised	(32)	1,996
	<u>59,751</u>	<u>59,592</u>
Total share of retained profit from associates		
- Realised	-	-
- Unrealised	-	-
	<u>59,751</u>	<u>59,592</u>
Add : Consolidated adjustments	(20,467)	(17,679)
The Group's retained profit as per consolidated accounts	<u>39,284</u>	<u>41,913</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	231	476
Other income	34	223
Gain/(Loss) on disposal of property, plant and equipment	(50)	(47)
Reversal compensation recoverable arising from acquisition of subsidiary	-	(1,542)
Interest expenses	(333)	(1,743)
Allowance for impairment losses on receivable	(51)	(51)
Impairment loss on goodwill	(523)	(523)
Bad debts recovered/(written off)	51	(13)
Depreciation and amortisation	(526)	(2,078)
Inventories written down	276	(15)
Write off equipment	(171)	(750)
	<u>(1,062)</u>	<u>(6,063)</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.