

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

| | CURRENT QUARTER ENDED 31/03/2018 RM'000 | COMPARATIVE QUARTER ENDED 31/03/2017 RM'000 | 12 Months CUMULATIVE TO 31/03/2018 RM'000 | 12 Months CUMULATIVE TO 31/03/2017 RM'000 |
|---|---|---|---|---|
| CONTINUING OPERATIONS | | | | |
| Revenue | 37,472 | 32,007 | 140,038 | 135,224 |
| Operating Expenses | (40,779) | (36,533) | (144,752) | (135,977) |
| Other Income | 724 | 424 | 1,108 | 706 |
| Profit/(loss) from Operations | (2,583) | (4,102) | (3,606) | (47) |
| Finance costs | (519) | 53 | (1,632) | (1,743) |
| Share of results of an associate | - | - | - | - |
| Profit/(loss) before tax | (3,102) | (4,049) | (5,238) | (1,790) |
| Taxation | 119 | 585 | (669) | (840) |
| Profit/(loss) after taxation from continuing operations | (2,983) | (3,464) | (5,907) | (2,630) |
| DISCONTINUED OPERATIONS | | | | |
| Profit/(loss) after taxation from discontinued operations | - | - | - | - |
| Profit/(loss) after taxation | (2,983) | (3,464) | (5,907) | (2,630) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(expenses) for the year/period | (2,983) | (3,464) | (5,907) | (2,630) |
| Net profit/(loss) attributable to : | | | | |
| Equity holders of the parent | (2,983) | (3,464) | (5,907) | (2,630) |
| Minority interests | - | - | - | - |
| | (2,983) | (3,464) | (5,907) | (2,630) |
| Total comprehensive income/(expenses) attributable to : | | | | |
| Owners of the Company | (2,983) | (3,464) | (5,907) | (2,630) |
| Minority interest | - | - | - | - |
| | (2,983) | (3,464) | (5,907) | (2,630) |
| Earnings/(Loss) per share (sen) | | | | |
| (a) Basic | | | | |
| - continuing operations | (3.64) | (8.25) | (7.21) | (6.26) |
| - discontinued operations | - | - | - | - |
| (b) Diluted | | | | |
| - continuing operations | - | - | - | - |
| - discontinued operations | - | - | - | - |
| Note no. 1 ** - Revenue consists of the following :- | | | | |
| - continuing operations | 37,472 | 32,007 | 140,038 | 135,224 |
| - discontinued operations | - | - | - | - |
| | 37,472 | 32,007 | 140,038 | 135,224 |

(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 2017)

MESB BERHAD (337554-D)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

| | AS AT 31/03/2018 RM'000 | AS AT 31/03/2017 RM'000 |
|--|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 8,731 | 9,379 |
| Investment property | 485 | 498 |
| Intangible asset | 25,168 | 25,168 |
| Deferred Taxation | 0 | 0 |
| Total non-current assets | <u>34,384</u> | <u>35,045</u> |
| Current Assets | | |
| Inventories | 36,399 | 46,114 |
| Debtors | 28,436 | 22,352 |
| Current tax assets | 3,802 | 3,103 |
| Cash and bank balances | 26,596 | 26,779 |
| | <u>95,233</u> | <u>98,348</u> |
| Total Assets | <u>129,617</u> | <u>133,393</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent : | | |
| Share capital | 51,240 | 42,042 |
| Reserves | 33,376 | 39,283 |
| Total equity | <u>84,616</u> | <u>81,325</u> |
| Non-current liabilities | | |
| Long term borrowings | 4,749 | 4,199 |
| Deferred tax liabilities | 47 | 32 |
| | <u>4,796</u> | <u>4,231</u> |
| Current Liabilities | | |
| Creditors | 17,549 | 21,061 |
| Short-term borrowings | 22,656 | 26,776 |
| Taxation | 0 | 0 |
| | <u>40,205</u> | <u>47,837</u> |
| Total liabilities | <u>45,001</u> | <u>52,068</u> |
| Total equity and liabilities | <u>129,617</u> | <u>133,393</u> |
| Net Assets per share attributable to ordinary equity holders of the parent(RM) | | |
| | <u>1.03</u> | <u>1.94</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 2017)

MESB BERHAD (337554-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

| | <--- Attributable to equity holders of the parent ---> | | | | Total RM'000 |
|--|--|----------------------------|--------------------------------|------------------------------|-----------------|
| | Share Capital RM'000 | Share Premium RM'000 | Retained Earnings RM'000 | Capital Reserve RM'000 | |
| At 1 April 2017 :- | 42,042 | - | 39,283 | - | 81,325 |
| Issuance of shares pursuant to the private placement | 9,198 | | | | 9,198 |
| Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year | - | - | (5,907) | - | (5,907) |
| At 31 MARCH 2018 | <u>51,240</u> | <u>-</u> | <u>33,376</u> | <u>-</u> | <u>84,616</u> |
| At 1 April 2016 :- | 42,000 | 5 | 41,913 | 37 | 83,955 |
| Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year | - | - | (2,630) | - | (2,630) |
| Transfer pursuant to Section 618(2) of the Companies Act 2016 | 42 | (5) | | (37) | - |
| At 31 MARCH 2017 | <u>42,042</u> | <u>-</u> | <u>39,283</u> | <u>-</u> | <u>81,325</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 2017)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | 12 Months ENDED 31/03/2018 RM'000 | 12 Months ENDED 31/03/2017 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/loss before taxation | (5,238) | (1,790) |
| Adjustments for :- | | |
| Allowance for impairment losses on receivables | 101 | 51 |
| Impairment loss of goodwill | - | 522 |
| Depreciation of property, plant and equipments | 1,834 | 2,066 |
| Depreciation of investment property | 13 | 13 |
| Interest expenses | 1,634 | 1,743 |
| Written off plant and equipment | 859 | 750 |
| Bad debts written off | 0 | 12 |
| Inventories written down/(back) | 1,727 | 95 |
| Loss/(gain) on disposal of property and equipment | 4 | (3) |
| Net unrealised foreign exchange loss/(gain) | (164) | 79 |
| Reversal of compensation revocable arising from acquisition of subsidiary | - | 1,437 |
| Interest income | (455) | (476) |
| Operating profit/(loss) before changes in working capital | <u>315</u> | <u>4,499</u> |
| Changes in inventories | 7,988 | (707) |
| Changes in trade and other receivables | (6,184) | 4,598 |
| Changes in trade and other payables | (3,349) | (3,882) |
| Cash flows generated from/(used in) operations | <u>(1,230)</u> | <u>4,508</u> |
| Income tax(paid)/ refunded | (1,354) | (1,591) |
| Interest paid | (1,634) | (1,743) |
| Net cash from/(used in) operating activities | <u>(4,218)</u> | <u>1,174</u> |
| Cash Flow From Investing Activities | | |
| Compensation received arising from acquisition of subsidiary | - | 105 |
| Purchase of property, plant and equipment | (2,067) | (2,321) |
| Interest received | 455 | 476 |
| Upliftment/(Placement) of fixed deposits pledged | (866) | (1,433) |
| Proceeds from disposal of property, plant and equipment | 19 | 46 |
| Net cash/(used in)/ from investing activities | <u>(2,459)</u> | <u>(3,127)</u> |
| Cash Flow from financing activities | | |
| Proceeds from issuance of shares pursuant to private placement | 9,198 | - |
| Net drawdown/(repayments) of bank borrowings | (6,065) | 7,885 |
| Net Cash Flow from/(used in) financing activities | <u>3,133</u> | <u>7,885</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(3,544)</u> | <u>5,932</u> |
| Cash and cash equivalents at beginning of the year | <u>11,411</u> | <u>5,479</u> |
| Cash and cash equivalents at end of the period/year | <u><u>7,867</u></u> | <u><u>11,411</u></u> |
| Note : | | |
| The Cash & Cash Equivalents comprise of the following :- | | |
| | 12 Months ENDED 31/03/2018 RM'000 | 12 Months ENDED 31/03/2017 RM'000 |
| Deposits with licensed banks | 13,893 | 13,027 |
| Less Pledged deposits | (13,893) | (13,027) |
| Cash and bank balances | 12,540 | 13,593 |
| Highly liquid investments with financial institutions | 164 | 159 |
| Bank Overdraft | (4,837) | (2,341) |
| | <u>7,867</u> | <u>11,411</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 2017)

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Year Ended 31 March 2018
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 issued by the Malaysian Accounting Standards Board and applicable disclosure provisions of the Listing Requirements of 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 2017, which have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 March 2017, except for the adoption of the following:

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

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- 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
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

The above accounting standards and interpretations are not expected to have material financial impact to the financial statements of the Group except for MFRS 9 and MFRS 15 and MFRS 16 as explained in the audited financial statements of the Group for the financial year ended 31 March 2017.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2017 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 | |
|---|--------------------|--------------------|---------------------|--------------------|
| | 31/03/18 RM'000 | 31/03/17 RM'000 | 31/03/18 RM'000 | 31/03/17 RM'000 |
| Segment Revenue | | | | |
| - Investment Holding | 14 | 30 | 18 | 30 |
| - Retailing | 37,478 | 33,543 | 140,406 | 136,760 |
| Total Revenue | 37,492 | 33,573 | 140,424 | 136,790 |
| Segment Revenue | | | | |
| - Investment Holding | - | (30) | - | (30) |
| - Retailing | (20) | (1,536) | (386) | (1,536) |
| Inter-Segment Revenue | (20) | (1,566) | (386) | (1,566) |
| Segment Revenue | | | | |
| - Investment Holding | 14 | - | 18 | - |
| - Retailing | 37,458 | 32,007 | 140,020 | 135,224 |
| External Revenue | 37,472 | 32,007 | 140,038 | 135,224 |
| Segment profit/(Loss) | | | | |
| - Investment Holding | (351) | (802) | (888) | (2,560) |
| - Retailing | (2,232) | (3,270) | (2,718) | 2,543 |
| | (2,583) | (4,072) | (3,606) | (17) |
| Finance costs | (519) | 53 | (1,632) | (1,743) |
| Consolidated profit/(loss) before taxation and discontinued operation | (3,102) | (4,019) | (5,238) | (1,760) |

| | As at 31/03/2018 | As at 31/03/2017 |
|--|------------------|------------------|
| | RM'000 | RM'000 |
| Assets/Liabilities | | |
| Segment assets ⁽ⁱ⁾ | | |
| - Investment Holding | 36,278 | 28,191 |
| - Retailing | 93,339 | 105,202 |
| | 129,617 | 133,393 |
| Segment liabilities ⁽ⁱⁱ⁾ | | |
| - Investment Holding | 252 | 550 |
| - Retailing | 44,749 | 51,518 |
| | 45,001 | 52,068 |

(i) Segment assets - The total of segment assets is measured based on all assets (including goodwill, deferred tax asset and current tax assets) of a segment.

(ii) Segment liabilities - The total of segment liabilities is measured based on all liabilities (including tax liabilities and deferred tax liabilities) of a segment.

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 year ended 31 March 2018.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current quarter.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2018 are as follows:-

| | As at 31/03/2018 RM'000 | As at 31/03/2017 RM'000 |
|--|--|--|
| Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries | 26,040 | 30,602 |

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial year ended 31 March 2018 are as follows:

| Transaction parties | Nature of transaction | As at 31/03/2018 RM'000 | As at 31/03/2017 RM'000 |
|----------------------------|-----------------------------------|--|--|
| MX Too Sdn Bhd | Sale and Purchase of products | 67 | 74 |
| Roncato Sdn Bhd | Sale of products | 842 | 1,017 |
| Milazo Pte. Ltd. | Royalty | 101 | 1,669 |
| Branded Platform Sdn Bhd | Sale of products and other income | 2,902 | 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 Financial Report for the Financial Year Ended 31 March 2018

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

Group Performance

| | INDIVIDUAL PERIOD | | | | CUMULATIVE PERIOD | | | |
|---|-------------------|----------------|---------|---------|-------------------|----------------|---------|----------|
| | Current | Preceding Year | | | Current | Preceding Year | | |
| | Year | Corresponding | | | Year-To-date | Year-To-date | | |
| | Quarter | Quarter | Changes | | 31/03/2018 | 31/03/2017 | Changes | |
| | 31/03/2018 | 31/03/2017 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 37,472 | 32,007 | 5,465 | 17.07 | 140,038 | 135,224 | 4,814 | 3.56 |
| Profit/(loss) from Operations before Interest and Tax | (2,583) | (4,102) | 1,519 | (37.03) | (3,606) | (47) | (3,559) | 7,572.34 |
| Profit/(loss) before tax | (3,102) | (4,049) | 947 | (23.39) | (5,238) | (1,790) | (3,448) | 192.63 |
| Profit/(Loss) after tax | (2,983) | (3,464) | 481 | (13.89) | (5,907) | (2,630) | (3,277) | 124.60 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | (2,983) | (3,464) | 481 | (13.89) | (5,907) | (2,630) | (3,277) | 124.60 |

Segment Performance

| | Individual Quarter | | Cumulative Quarters | |
|------------------------------|--------------------|----------------|---------------------|----------------|
| | 31/03/18 | 31/03/17 | 31/03/18 | 31/03/17 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| - Investment Holding | 14 | - | 18 | - |
| - Retailing | 37,458 | 32,007 | 140,020 | 135,224 |
| | <u>37,472</u> | <u>32,007</u> | <u>140,038</u> | <u>135,224</u> |
| Segment profit/(Loss) | | | | |
| - Investment Holding | (351) | (802) | (888) | (2,560) |
| - Retailing | (2,232) | (3,270) | (2,718) | 2,543 |
| | <u>(2,583)</u> | <u>(4,072)</u> | <u>(3,606)</u> | <u>(17)</u> |

a) Performance of Current Quarter vs. Previous Year Corresponding Quarter

Group revenue for the three (3) months quarter ended 31 March 2018 was RM37.47 million, 17.07% higher than the revenue of RM32.01 million recorded in the same quarter last year. The increase in revenue was attributable to the higher revenue recorded by the retailing segment of the Group.

Group reported a loss before taxation of RM3.10 million in the current quarter ended 31 March 2018 compared with a loss before taxation of RM4.05 million in preceding year's corresponding quarter ended 31 March 2017. The decrease in loss before taxation was mainly attributable to the new stream of revenue generated from retailing segment of the Group

Retailing

The retailing segment revenue in fourth quarter was RM37.46 million, an increase of 17.03% over the same period last year, mainly contributed from the new brands sales.

The retailing segment loss decreased from RM3.27 million in the preceding year's corresponding quarter to RM2.23 million in the current quarter. The decrease in segment loss mainly attributable to the increase in revenue for the current quarter ended 31 March 2018.

Holding Investment

The revenue of Holding Investment Segment comprises the rental income.

The segment loss for the current quarter ended 31 March 2018, was RM0.35 million compared to RM0.80 million in the preceding year's corresponding quarter ended 31 March 2017. The decrease in loss was mainly due to the reversal of compensation recoverable arising from acquisition of subsidiary in the preceding year's corresponding quarter.

b) Performance of current Year-to date vs. Previous Year-to-date

The Group's revenue for the year increased 3.56% from RM135.22 million in the financial year ended 31 March 2017 to RM140.04 million in financial year ended 31 March 2018. The higher revenue was generated from the retailing segment.

The Group's loss before taxation increased from RM1.79 million in previous financial year ended 31 March 2017 to RM5.24 million in the current financial year ended 31 March 2018. The pre-tax performance declined was mainly due to underperformance of retailing segment.

Retailing

Retailing segment's revenue increased by 3.55% to RM140.02 million as compared to RM135.22 million recorded in last year. The higher sales were mainly contributed from the new brands sale as well as clearance sales of the discontinued product category and aged stocks.

The segment loss for the current year ended 31 March 2018, was RM2.72 million compared to a segment profit of RM2.54 million in the previous financial year ended 31 March 2017. The loss was mainly attributable to (i) the lower gross profit margin earned from certain apparel categories, (ii) impairment loss arising from the writing down of the cost of inventory to its net realisable and (iii) higher operating expenses associated with the apparel business expansion.

Holding Investment

The revenue of Holding Investment Segment comprises the rental income.

The segment loss was decreased by 65.31% of RM0.89 million for financial year ended 31 March 2018, mainly due to the reversal of compensation recoverable arising from acquisition of subsidiary in the preceding year's corresponding year ended 31 March 2017.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | Current Quarter 31/03/2018 RM'000 | Immediate Preceding Quarter 31/12/2017 RM'000 | Changes | |
|--|--|---|---------|------------|
| | | | RM'000 | % |
| Revenue | 37,472 | 35,395 | 2,077 | 5.87 |
| Profit/(loss) from Operations before Interest and Tax | (2,583) | 254 | (2,837) | (1,116.93) |
| Profit/(loss) before tax | (3,102) | (70) | (3,032) | 4,331.43 |
| Profit/(Loss) after tax | (2,983) | (539) | (2,444) | 453.43 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | (2,983) | (539) | (2,444) | 453.43 |

The Group recorded revenue of RM37.47 million in the current quarter ended 31 March 2018 as compared to RM35.39 million in the immediate preceding quarter ended 31 December 2017. The increase in revenue was mainly contributed from the new brands sales.

The Group's loss before taxation for the financial year ended 31 March 2018 and 31 March 2017, were RM3.10 million and RM0.07 million respectively. The increase in loss before taxation was mainly attributed to (i) the loss impairment arising from the writing down of the cost of inventory to its net realisable, (ii) written off of equipment and (iii) higher staff costs in the current quarter ended 31 March 2018.

B3. COMMENTARY ON PROSPECTS

The retail industry in Malaysia is highly competitive and the Group's performance could differ from expectations due to factors including economic conditions, government policies, competitive pricing and other pressures, such as slowdown in consumer spending. Notwithstanding the challenging business environment, we opined that the zero-rated GST from 1 June 2018 will positively impact the retailing industry as well as the Group's core business in the coming year.

We will continue to operate with a conservative yet nimble mindset and to address the challenges may facing by the Group.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation charge/(credit) included the following:

| | Current Quarter RM'000 | Financial Year to Date RM'000 |
|------------------------------|---------------------------|-------------------------------------|
| In respect of current period | | |
| - income tax | (216) | 570 |
| - deferred tax | 15 | 15 |
| In respect of prior year | | |
| - income tax | 82 | 84 |
| - deferred tax | - | - |
| | <u>(119)</u> | <u>669</u> |

The Group's effective tax rate for financial year/period was higher than the statutory tax rate mainly due to the certain expenses being disallowed for taxation purposes.

B6. CORPORATE PROPOSALS

Save as disclosed below. There were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report.

On 9 October 2017, the Company completed the Proposed Private Placement, following the listing of and quotation for 12,600,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

The status of the utilisation of gross proceeds of RM9.20 million from the Proposed Private Placement 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 |
|----------------------------------|--------------------------------|------------------------------|----------------------------|--------------------|----|--|
| | | | | RM'000 | % | |
| Working capital | 2,498 | (2,498) | - | - | - | Within 6 months from the completion of the Proposed Private Placement |
| Business expansion | 6,500 | (2,317) | 4,183 ⁽ⁱ⁾ | - | - | Within 12 months from the completion of the Proposed Private Placement |
| Expenses related to the disposal | 200 | (168) | 32 | 32 ⁽ⁱⁱ⁾ | 16 | Within 1 month from the completion of the Proposed Private Placement |
| Total | 9,198 | (4,983) | 4,215 | 32 | | |

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

(ii) the balance of unutilised proceeds will be utilised for working capital.

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings are as follow:-

| | Current Year-To-date 31/03/2018 RM'000 | Proceeding Year Corresponding Year-To-date 31/03/2017 RM'000 |
|-------------------------|---|---|
| Short Term | | |
| Hire purchase creditors | 78 | 73 |
| Bankers' acceptance | 15,402 | 22,178 |
| Term loans | 2,339 | 2,184 |
| Bank overdraft | 4,837 | 2,341 |
| | 22,656 | 26,776 |
| Long Term | | |
| Hire purchase creditors | 222 | 301 |
| Term Loans | 4,527 | 3,898 |
| | 4,749 | 4,199 |
| | 27,405 | 30,975 |

Group borrowings include hire purchase, which are classified as secured borrowings. All the Group borrowings are in Malaysian currency.

B8. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation since the last balance sheet included in the annual audited financial statements up to the date of this report.

B9. DIVIDEND

No dividend has been declared nor recommended for financial year ended 31 March 2018.

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 | (2,983) | (5,907) |
| -Discontinued operations | - | - |
| | (2,983) | (5,907) |
| Number of ordinary shares in issue (in thousand) | 81,900 | 81,900 |
| Basic earnings per share (sen) : | | |
| -Continuing operations | (3.64) | (7.21) |
| -Discontinued operations | - | - |

The earnings per ordinary share for the financial year ended 31 March 2018 had been adjusted to reflect the issuance of 12,600,000 new shares pursuant to a private placement exercise and share split involving the subdivision of every two (2) existing ordinary share into three (3) ordinary shares, which were completed on 9 October 2017 and 28 December 2017 respectively.

B11. PROFIT FOR THE PERIOD

| | Current Quarter RM'000 | Financial Year to Date RM'000 |
|---|---------------------------|----------------------------------|
| This is arrived at after (charging)/crediting :- | | |
| Interest Income | 159 | 455 |
| Other income | 401 | 488 |
| Net unrealised gain on foreign exchange loss/(gain) | 164 | 164 |
| Loss on disposal of property, plant and equipment | (1) | (4) |
| Interest expenses | (521) | (1,634) |
| Depreciation and amortisation | (465) | (1,847) |
| Impairment on inventories | (906) | (1,727) |
| Write off plant and equipment | (438) | (859) |
| Impairment gain/(loss) on trade/others receivable | - | (101) |
| | <u>(1,607)</u> | <u>(5,065)</u> |

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

B12. 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.