

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	CURRENT QUARTER ENDED 30/06/2017 RM'000	COMPARATIVE QUARTER ENDED 30/06/2016 RM'000	3 Months CUMULATIVE TO 30/06/2017 RM'000	3 Months CUMULATIVE TO 30/06/2016 RM'000
CONTINUING OPERATIONS				
Revenue	41,827	38,712	41,827	38,712
Operating Expenses	(38,621)	(36,557)	(38,621)	(36,557)
Other Income	73	293	73	293
Profit/(loss) from Operations	3,279	2,448	3,279	2,448
Finance costs	(399)	(447)	(399)	(447)
Share of results of an associate	-	-	-	-
Profit/(loss) before tax	2,880	2,001	2,880	2,001
Taxation	(765)	(1,006)	(765)	(1,006)
Profit/(loss) after taxation from continuing operations	2,115	995	2,115	995
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	-	-	-
Profit/(loss) after taxation	2,115	995	2,115	995
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	2,115	995	2,115	995
Net profit/(loss) attributable to :				
Equity holders of the parent	2,115	995	2,115	995
Minority interests	-	-	-	-
	2,115	995	2,115	995
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	2,115	995	2,115	995
Minority interest	-	-	-	-
	2,115	995	2,115	995
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	5.04	2.37	5.04	2.37
- discontinued operations	-	-	-	-
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	41,827	38,712	41,827	38,712
- discontinued operations	-	-	-	-
	41,827	38,712	41,827	38,712

(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 30 JUNE 2017**

	AS AT 30/06/2017 RM'000	AS AT 31/03/2017 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	9,000	9,379
Investment property	494	498
Intangible asset	25,168	25,168
Deferred Taxation	0	0
Total non-current assets	<u>34,662</u>	<u>35,045</u>
Current Assets		
Inventories	47,041	46,114
Debtors	32,126	22,352
Current tax assets	3,111	3,103
Cash and bank balances	23,580	26,779
	<u>105,858</u>	<u>98,348</u>
Total Assets	<u>140,520</u>	<u>133,393</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,042	42,042
Reserves	41,398	39,283
Capital and Reserves	83,440	81,325
Non-controlling interests	-	-
Total equity	<u>83,440</u>	<u>81,325</u>
Non-current liabilities		
Long term borrowings	3,605	4,199
Deferred tax liabilities	32	32
	<u>3,637</u>	<u>4,231</u>
Current Liabilities		
Creditors	29,383	21,061
Short-term borrowings	23,712	26,776
Taxation	348	0
	<u>53,443</u>	<u>47,837</u>
Total liabilities	<u>57,080</u>	<u>52,068</u>
Total equity and liabilities	<u>140,520</u>	<u>133,393</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.99</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 30 JUNE 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	RM'000	RM'000
At 1 April 2017 :-	42,042	-	39,283	-	-	81,325
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	2,115	-	-	2,115
At 31 June 2017	<u>42,042</u>	<u>-</u>	<u>41,398</u>	<u>-</u>	<u>-</u>	<u>83,440</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	-	-	995	-	-	995
At 30 June 2016	<u>42,000</u>	<u>5</u>	<u>42,908</u>	<u>37</u>	<u>-</u>	<u>84,950</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 30 JUNE 2017

	3 Months ENDED 30/06/2017 RM'000	12 Months ENDED 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	2,880	(1,790)
Adjustments for :-		
Allowance for impairment losses on receivables	51	51
Impairment loss of goodwill		522
Depreciation of property, plant and equipments	462	2,066
Depreciation of investment property		13
Interest expenses	399	1,743
Written off plant and equipment	231	750
Bad debts written off		12
Inventories written down/(back)	15	95
Gain on disposal of property and equipment	3	(3)
Net unrealised foreign exchange loss/(gain)		79
Reversal of compensation revocable arising from acquisition of subsidiary		1,437
Interest income	(64)	(476)
Operating profit before working capital and non-current assets changes	<u>3,977</u>	<u>4,499</u>
Increase in inventories	(942)	(707)
Increase/(Decrease) In trade and other receivables	(9,825)	4,598
(Increase)/Decrease in trade and other payables	<u>8,322</u>	<u>(3,882)</u>
Cash from/(for) operating activities	1,532	4,508
Income tax(paid)/ refunded	(425)	(1,591)
Interest paid	<u>(399)</u>	<u>(1,743)</u>
Net cash from/(used in) operating activities	<u>708</u>	<u>1,174</u>
Cash Flow From Investing Activities		
Compensation received arising from acquisition of subsidiary	-	105
Purchase of property, plant and equipment	(331)	(2,321)
Interest received	64	476
Upliftment/(Placement) of fixed deposits pledged	(51)	(1,433)
Proceeds from disposal of property, plant and equipment	17	46
Net cash/(used in) from investing activities	(301)	(3,127)
Net Cash Flow from/(used in) financing activities		
Net drawdown/(repayments) of bank borrowings	(6,312)	7,885
	<u>(6,312)</u>	<u>7,885</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,905)	5,932
Cash and cash equivalents at beginning of the year	11,411	5,479
Cash and cash equivalents at end of the period	<u>5,506</u>	<u>11,411</u>
Note :		
The Cash & Cash Equivalents comprise of the following :-		
	3 Months ENDED 30/06/2017 RM'000	12 Months ENDED 31/03/2017 RM'000
Deposits with licensed banks	13,079	13,027
Less Pledged deposits	<u>(13,079)</u>	<u>(13,027)</u>
Cash and bank balances	10,341	13,593
Highly liquid investments with financial institutions	160	159
Bank Overdraft	<u>(4,995)</u>	<u>(2,341)</u>
	<u>5,506</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 Period Ended 30 June 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 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	
	30/06/17 RM'000	30/06/16 RM'000	30/06/17 RM'000	30/06/16 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	42,027	38,712	42,027	38,712
Total Revenue	<u>42,027</u>	<u>38,712</u>	<u>42,027</u>	<u>38,712</u>
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	(200)	-	(200)	-
Inter-Segment Revenue	<u>(200)</u>	<u>-</u>	<u>(200)</u>	<u>-</u>
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	41,827	38,712	41,827	38,712
External Revenue	<u>41,827</u>	<u>38,712</u>	<u>41,827</u>	<u>38,712</u>
Segment profit/(Loss)				
- Investment Holding	(62)	(1,414)	(62)	(1,414)
- Retailing	2,942	3,862	2,942	3,862
Finance costs	2,880	2,448	2,880	2,448
	(765)	(447)	(765)	(447)
Consolidated profit/(loss) before taxation and discontinued operation	<u>2,115</u>	<u>2,001</u>	<u>2,115</u>	<u>2,001</u>

	As at 30/6/2017 RM'000	As at 30/6/2016 RM'000
Assets/Liabilities		
Segment assets ⁽ⁱ⁾		
- Investment Holding	28,108	29,406
- Retailing	109,301	107,899
	<u>137,409</u>	<u>137,305</u>
Segment liabilities ⁽ⁱⁱ⁾		
- Investment Holding	550	597
- Retailing	56,150	53,346
	<u>56,700</u>	<u>53,943</u>

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

(ii) Segment liabilities - The total of segment liabilities is measured based on all liabilities (excluding 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

Other than disclosed below, there were no material events subsequent to the financial period ended 30 June 2017.

As announced on 11 July 2017, the Company has proposed to undertake a private placement of 12,600,000 new ordinary shares in the Company at an issue price of RM0.73 per Placement Share to independent third party investors ("Proposed Private Placement").

The listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Private Placement had been submitted on 1 August 2017.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial period ended 30 June 2017.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2017 are as follows:-

	As at 30/06/2017 RM'000	As at 30/06/2016 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	26,963	20,947

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 30 June 2017 are as follows:

Transaction parties	Nature of transaction	As at 30/06/2017 RM'000	As at 30/06/2016 RM'000
MX Too Sdn Bhd	Sale and Purchase of products	59	23
Roncato Sdn Bhd	Sale of products	216	215
Milazo Pte. Ltd.	Royalty	61	786
Branded Platform Sdn Bhd	Sale of products	326	108

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 June 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	
	30/06/17 RM'000	30/06/16 RM'000	30/06/17 RM'000	30/06/16 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Retailing	41,827	38,712	41,827	38,712
	<u>41,827</u>	<u>38,712</u>	<u>41,827</u>	<u>38,712</u>
Segment profit/(Loss)				
- Investment Holding	(62)	(1,414)	(62)	(1,414)
- Retailing	2,942	3,862	2,942	3,862
	<u>2,880</u>	<u>2,448</u>	<u>2,880</u>	<u>2,448</u>

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

The Company reported consolidated revenue of RM41.83 million, an increase of 8.05% as compared with consolidated revenue of RM38.71 million for the preceding year's corresponding quarter ended 30 June 2016. Revenue growth was mainly due to higher sale over the Hari Raya festival season generated by the retailing segment.

The Group reported profit before taxation of RM2.88 million, representing an increase by 43.93% compared to the preceding year's corresponding quarter ended 30 June 2016. The growth in profit before taxation was mainly attributed to reversal of compensation recoverable arising from acquisition of subsidiary in the preceding year's corresponding quarter ended 30 June 2016.

Retailing

In the 1st quarter of the financial period ended 30 June 2017, the retailing segment's revenue increased from RM38.71 million to RM41.83 million. Despite an increase in revenue, the segment profit decreased from RM3.86 million to RM2.94 million. The decrease in segment profit was mainly due to the written off of plant and equipment of RM0.23 million and higher operation expenses.

Holding Investment

The Holding Investment Segment's loss decreased to RM0.62 million for the quarter under review compared to RM1.41 million for corresponding quarter of the preceding year. 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 ended 30 June 2016.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group revenue increased to RM41.83 million from RM32.01 million, representing an increase of 30.68%. Concurrently, the Group reported a profit before taxation of RM2.88 million in the current quarter compared to a loss before taxation of RM4.05 million in the immediate preceding quarter. The good first quarter, backed by peak season demand from the retailing segment.

B3. COMMENTARY ON PROSPECTS

The Group's core businesses are sensitive to changes in overall Malaysia economic that impact consumer spending and confidence. Many economic factors outside of the Group's control, including the housing market, interest rates, recession, inflation and unemployment trends influence consumer confidence and spending. A continued reduction in the level of consumer spending could adversely affect the Group's growth and profitability in the coming periods and years.

We are cautious the potentially negative impact of the economic conditions and currency uncertainty. We will continue maintain tight cost control and adopting measures to address these challenges.

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	765	765
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	-	-
	<u>765</u>	<u>765</u>

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

B6. CORPORATE PROPOSALS

Save as disclosed in Note A10 of this report. 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 June 2017 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	75	
Bankers' acceptance	16,418	
Term loans	2,224	
Bank overdraft	<u>4,995</u>	23,712
Long Term		
Hire purchase creditors	279	
Term Loans	<u>3,326</u>	3,605
Total		<u>27,317</u>

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 period ended 30 June 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	2,115	2,115
-Discontinued operations	-	-
	<u>2,115</u>	<u>2,115</u>
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	5.04	5.04
-Discontinued operations	-	-

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 30.06.20.17 RM'000	As at 30.06.2016 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	54,923	62,242
- Unrealised	(111)	454
	<u>54,812</u>	<u>62,696</u>
Add : Consolidated adjustments	(13,414)	(19,788)
	<u>41,398</u>	<u>40,908</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	64	64
Other income	12	12
Loss on disposal of property, plant and equipment	(3)	(3)
Interest expenses	(399)	(399)
Depreciation and amortisation	(462)	(462)
Inventories written down	(15)	(15)
Write off plant and equipment	(231)	(231)
Impairment loss on trade/others receivable	(51)	(51)
	<u>(1,085)</u>	<u>(1,085)</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.