

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

|   | CURRENT<br>QUARTER<br>ENDED<br>31/12/2017<br>RM'000 | COMPARATIVE<br>QUARTER<br>ENDED<br>31/12/2016<br>RM'000 | 9 Months<br>CUMULATIVE<br>TO<br>31/12/2017<br>RM'000 | 9 Months<br>CUMULATIVE<br>TO<br>31/12/2016<br>RM'000 |
|---|---|---|--|--|
| <b>CONTINUING OPERATIONS</b>                              |   |   |  |  |
| Revenue   | 35,395  | 36,231  | 102,566  | 103,217  |
| Operating Expenses  | (35,310)  | (33,418)  | (103,973)  | (99,444)   |
| Other Income  | 169   | (17)  | 384  | 282  |
| Profit/(loss) from Operations                             | 254   | 2,796   | (1,023)  | 4,055  |
| Finance costs   | (324)   | (884)   | (1,113)  | (1,756)  |
| Share of results of an associate                          | -   | -   | -  | -  |
| Profit/(loss) before tax                                  | (70)  | 1,912   | (2,136)  | 2,259  |
| Taxation  | (469)   | (706)   | (788)  | (1,425)  |
| Profit/(loss) after taxation from continuing operations   | (539)   | 1,206   | (2,924)  | 834  |
| <b>DISCONTINUED OPERATIONS</b>                            |   |   |  |  |
| Profit/(loss) after taxation from discontinued operations | -   | -   | -  | -  |
| Profit/(loss) after taxation                              | (539)   | 1,206   | (2,924)  | 834  |
| Other comprehensive Income                                | -   | -   | -  | -  |
| Total comprehensive income/(expenses) for the year/period | (539)   | 1,206   | (2,924)  | 834  |
| Net profit/(loss) attributable to :                       |   |   |  |  |
| Equity holders of the parent                              | (539)   | 1,206   | (2,924)  | 834  |
| Minority interests  | -   | -   | -  | -  |
|   | (539)   | 1,206   | (2,924)  | 834  |
| Total comprehensive income/(expenses) attributable to :   |   |   |  |  |
| Owners of the Company                                     | (539)   | 1,206   | (2,924)  | 834  |
| Minority interest   | -   | -   | -  | -  |
|   | (539)   | 1,206   | (2,924)  | 834  |
| Earnings/(Loss) per share (sen)                           |   |   |  |  |
| <b>(a) Basic</b>  |   |   |  |  |
| - continuing operations                                   | (0.66)  | 2.87  | (3.57)   | 1.99   |
| - discontinued operations                                 | -   | -   | -  | -  |
| <b>(b) Diluted</b>  |   |   |  |  |
| - continuing operations                                   | -   | -   | -  | -  |
| - discontinued operations                                 | -   | -   | -  | -  |
| Note no. 1 ** - Revenue consists of the following :-      |   |   |  |  |
| - continuing operations                                   | 35,395  | 36,231  | 102,566  | 103,217  |
| - discontinued operations                                 | -   | -   | -  | -  |
|   | 35,395  | 36,231  | 102,566  | 103,217  |

(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 DECEMBER 2017**

|  | AS AT<br>31/12/2017<br>RM'000 | AS AT<br>31/03/2017<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>ASSETS</b>  |                               |                               |
| Non-current assets   |                               |                               |
| Property, plant & equipment  | 9,196                         | 9,379                         |
| Investment property  | 488                           | 498                           |
| Intangible asset   | 25,168                        | 25,168                        |
| Deferred Taxation  | <u>0</u>                      | <u>0</u>                      |
| Total non-current assets   | <u>34,852</u>                 | <u>35,045</u>                 |
| Current Assets   |                               |                               |
| Inventories  | 43,395                        | 46,114                        |
| Debtors  | 26,547                        | 22,352                        |
| Current tax assets   | 3,599                         | 3,103                         |
| Cash and bank balances   | <u>27,509</u>                 | <u>26,779</u>                 |
|  | <u>101,050</u>                | <u>98,348</u>                 |
| <b>Total Assets</b>  | <u>135,902</u>                | <u>133,393</u>                |
| <b>EQUITY AND LIABILITIES</b>  |                               |                               |
| <b>Equity attributable to equity holders of the parent :</b>                   |                               |                               |
| Share capital  | 51,240                        | 42,042                        |
| Reserves   | <u>36,359</u>                 | <u>39,283</u>                 |
| Total equity   | <u>87,599</u>                 | <u>81,325</u>                 |
| Non-current liabilities  |                               |                               |
| Long term borrowings   | 2,668                         | 4,199                         |
| Deferred tax liabilities   | <u>32</u>                     | <u>32</u>                     |
|  | <u>2,700</u>                  | <u>4,231</u>                  |
| Current Liabilities  |                               |                               |
| Creditors  | 23,257                        | 21,061                        |
| Short-term borrowings  | 22,346                        | 26,776                        |
| Taxation   | <u>0</u>                      | <u>0</u>                      |
|  | <u>45,603</u>                 | <u>47,837</u>                 |
| Total liabilities  | <u>48,303</u>                 | <u>52,068</u>                 |
| <b>Total equity and liabilities</b>  | <u>135,902</u>                | <u>133,393</u>                |
| Net Assets per share attributable to ordinary equity holders of the parent(RM) |                               |                               |
|  | <u>1.07</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 DECEMBER 2017

|  | ←-- Attributable to equity holders of the parent --→ |                  |                      |                    | Minority<br>Interests | Total<br>Equity |
|--|--|------------------|----------------------|--------------------|-----------------------|-----------------|
|  | Share<br>Capital                                     | Share<br>Premium | Retained<br>Earnings | Capital<br>Reserve |                       |                 |
|  | RM'000   | RM'000           | RM'000               | RM'000             |                       |                 |
| At 1 April 2017 :-   | 42,042   | -                | 39,283               | -                  | 81,325                | 81,325          |
| Issuance of shares pursuant to the private placement                                       | 9,198  |                  |                      |                    |                       |                 |
| Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year | -  | -                | (2,924)              | -                  | (2,924)               | (2,924)         |
| <b>At 31 DECEMBER 2017</b>   | <b>51,240</b>  | <b>-</b>         | <b>36,359</b>        | <b>-</b>           | <b>78,401</b>         | <b>78,401</b>   |
| 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             |
| <b>At 31 DECEMBER 2016</b>   | <b>42,000</b>  | <b>5</b>         | <b>42,747</b>        | <b>37</b>          | <b>84,789</b>         | <b>84,789</b>   |

(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 DECEMBER 2017

|   | 9 Months<br>ENDED<br>31/12/2017<br>RM'000 | 12 Months<br>ENDED<br>31/03/2017<br>RM'000 |
|---|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |   |  |
| Profit/loss before taxation   | (2,136)                                   | (1,790)                                    |
| Adjustments for :-  |   |  |
| Allowance for impairment losses on receivables                            | 101                                       | 51   |
| Impairment loss of goodwill   | -   | 522  |
| Depreciation of property, plant and equipments                            | 1,372                                     | 2,066                                      |
| Depreciation of investment property                                       | 10  | 13   |
| Interest expenses   | 1,113                                     | 1,743                                      |
| Written off plant and equipment   | 421                                       | 750  |
| Bad debts written off   | 0   | 12   |
| Inventories written down/(back)   | 821                                       | 95   |
| Loss/(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   | (296)                                     | (476)                                      |
| Operating profit/(loss) before changes in working capital                 | <u>1,409</u>                              | <u>4,499</u>                               |
| Changes in inventories  | 1,898                                     | (707)                                      |
| Changes in trade and other receivables                                    | (4,298)                                   | 4,598                                      |
| Changes in trade and other payables                                       | 2,198                                     | (3,882)                                    |
| Cash flows generated from/(used in) operations                            | <u>1,207</u>                              | <u>4,508</u>                               |
| Income tax( paid)/ refunded   | (1,284)                                   | (1,591)                                    |
| Interest paid   | (1,113)                                   | (1,743)                                    |
| Net cash from/(used in) operating activities                              | <u>(1,190)</u>                            | <u>1,174</u>                               |
| <b>Cash Flow From Investing Activities</b>                                |   |  |
| Compensation received arising from acquisition of subsidiary              | -   | 105  |
| Purchase of property, plant and equipment                                 | (1,630)                                   | (2,321)                                    |
| Interest received   | 296                                       | 476  |
| Upliftment/(Placement) of fixed deposits pledged                          | (241)                                     | (1,433)                                    |
| Proceeds from disposal of property, plant and equipment                   | 17  | 46   |
| Net cash/(used in) from investing activities                              | (1,558)                                   | (3,127)                                    |
| <b>Cash Flow from financing activities</b>                                |   |  |
| Proceeds from issuance of shares pursuant to private placement            | 9,198                                     | -  |
| Net drawdown/( repayments) of bank borrowings                             | (6,870)                                   | 7,885                                      |
| Net Cash Flow from/(used in) financing activities                         | <u>2,328</u>                              | <u>7,885</u>                               |
| NET INCREASE / (DECREASE) IN CASH<br>AND CASH EQUIVALENTS                 | <u>(420)</u>                              | <u>5,932</u>                               |
| Cash and cash equivalents at beginning of the year                        | 11,411                                    | 5,479                                      |
| Cash and cash equivalents at end of the period/year                       | <u>10,991</u>                             | <u>11,411</u>                              |
| <b>Note :</b>   |   |  |
| The Cash & Cash Equivalents comprise of the following :-                  |   |  |
|   | 9 Months<br>ENDED<br>31/12/2017<br>RM'000 | 12 Months<br>ENDED<br>31/03/2017<br>RM'000 |
| Deposits with licensed banks  | 13,269                                    | 13,027                                     |
| Less Pledged deposits   | (13,269)                                  | (13,027)                                   |
| Cash and bank balances  | 14,078                                    | 13,593                                     |
| Highly liquid investments with financial institutions                     | 162                                       | 159  |
| Bank Overdraft  | (3,249)                                   | (2,341)                                    |
|   | <u>10,991</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 31 December 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, except for 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.

**A7. DIVIDENDS PAID**

There were no dividends paid during the period under review.

## A8. SEGMENTAL INFORMATION

|   | Individual Quarter |               | Cumulative Quarters |                |
|---|--------------------|---------------|---------------------|----------------|
|   | 31/12/17           | 31/12/16      | 31/12/17            | 31/12/16       |
|   | RM'000             | RM'000        | RM'000              | RM'000         |
| <b>Segment Revenue</b>  |                    |               |                     |                |
| - Investment Holding  | 4                  | -             | 4                   | -              |
| - Retailing   | 35,483             | 36,231        | 102,928             | 103,217        |
| <b>Total Revenue</b>  | <u>35,487</u>      | <u>36,231</u> | <u>102,932</u>      | <u>103,217</u> |
| <b>Segment Revenue</b>  |                    |               |                     |                |
| - Investment Holding  | -                  | -             | -                   | -              |
| - Retailing   | (92)               | -             | (366)               | -              |
| <b>Inter-Segment Revenue</b>  | <u>(92)</u>        | <u>-</u>      | <u>(366)</u>        | <u>-</u>       |
| <b>Segment Revenue</b>  |                    |               |                     |                |
| - Investment Holding  | 4                  | -             | 4                   | -              |
| - Retailing   | 35,391             | 36,231        | 102,562             | 103,217        |
| <b>External Revenue</b>   | <u>35,395</u>      | <u>36,231</u> | <u>102,566</u>      | <u>103,217</u> |
| <b>Segment profit/(Loss)</b>  |                    |               |                     |                |
| - Investment Holding  | (321)              | (121)         | (537)               | (1,758)        |
| - Retailing   | 575                | 2,917         | (486)               | 5,813          |
|   | <u>254</u>         | <u>2,796</u>  | <u>(1,023)</u>      | <u>4,055</u>   |
| Finance costs   | (324)              | (884)         | (1,113)             | (1,796)        |
|   | <u>(70)</u>        | <u>1,912</u>  | <u>(2,136)</u>      | <u>2,259</u>   |
| Consolidated profit/(loss) before taxation and discontinued operation |                    |               |                     |                |

|  | As at 31/12/2017 | As at 31/12/2016 |
|--|------------------|------------------|
|  | RM'000           | RM'000           |
| <b>Assets/Liabilities</b>                  |                  |                  |
| <b>Segment assets <sup>(i)</sup></b>       |                  |                  |
| - Investment Holding                       | 36,367           | 28,868           |
| - Retailing                                | 95,936           | 116,774          |
|  | <u>132,303</u>   | <u>145,642</u>   |
| <b>Segment liabilities <sup>(ii)</sup></b> |                  |                  |
| - Investment Holding                       | 63               | 424              |
| - Retailing                                | 48,208           | 62,599           |
|  | <u>48,271</u>    | <u>63,023</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 31 December 2017.

As announced on 5 January 2018. The Bonus Issue of Warrant has been completed, following the listing of and quotation for 40,950,000 Warrants on the Main Market of Bursa Securities.

#### **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 December 2017 are as follows:-

|  | As at<br>31/12/2017<br>RM'000 | As at<br>31/12/2016<br>RM'000 |
|--|-------------------------------|-------------------------------|
| Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries | 24,638                        | 33,082                        |

#### **A13. RECURRENT RELATED PARTY TRANSACTIONS**

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

| Transaction parties      | Nature of transaction             | As at<br>31/12/2017<br>RM'000 | As at<br>31/12/2016<br>RM'000 |
|--------------------------|-----------------------------------|-------------------------------|-------------------------------|
| MX Too Sdn Bhd           | Sale and Purchase of products     | 60                            | 68                            |
| Roncato Sdn Bhd          | Sale of products                  | 660                           | 826                           |
| Milazo Pte. Ltd.         | Royalty                           | 114                           | 1,598                         |
| Branded Platform Sdn Bhd | Sale of products and other income | 1,638                         | 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 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**

**Group Performance**

|   | INDIVIDUAL PERIOD |                |         |          | CUMULATIVE PERIOD |                |         |          |
|---|-------------------|----------------|---------|----------|-------------------|----------------|---------|----------|
|   | Current           | Preceding Year |         |          | Current           | Preceding Year |         |          |
|   | Year              | Corresponding  |         |          | Year-To-date      | Period         |         |          |
|   | Quarter           | Quarter        | Changes | %        | 31/12/2017        | 31/12/2016     | Changes | %        |
|   | 31/12/2017        | 31/12/2016     | RM'000  | %        | 31/12/2017        | 31/12/2016     | RM'000  | %        |
|   | RM'000            | RM'000         | RM'000  | %        | RM'000            | RM'000         | RM'000  | %        |
| Revenue   | 35,395            | 36,231         | (836)   | (2.31)   | 102,566           | 103,217        | (651)   | (0.63)   |
| Profit/(loss) from Operations before Interest and Tax               | 254               | 2,796          | (2,542) | (90.92)  | (1,023)           | 4,055          | (5,078) | (125.23) |
| Profit/(loss) before tax  | (70)              | 1,912          | (1,982) | (103.66) | (2,136)           | 2,259          | (4,395) | (194.56) |
| Profit/(Loss) after tax   | (539)             | 1,206          | (1,745) | (144.69) | (2,924)           | 834            | (3,758) | (450.60) |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | (539)             | 1,206          | (1,745) | (144.69) | (2,924)           | 834            | (3,758) | (450.60) |

**Segment Performance**

|                              | Individual Quarter |               | Cumulative Quarters |                |
|------------------------------|--------------------|---------------|---------------------|----------------|
|                              | 31/12/17           | 31/12/16      | 31/12/17            | 31/12/16       |
|                              | RM'000             | RM'000        | RM'000              | RM'000         |
| <b>Segment Revenue</b>       |                    |               |                     |                |
| - Investment Holding         | 4                  | -             | 4                   | -              |
| - Retailing                  | 35,391             | 36,231        | 102,562             | 103,217        |
|                              | <u>35,395</u>      | <u>36,231</u> | <u>102,566</u>      | <u>103,217</u> |
| <b>Segment profit/(Loss)</b> |                    |               |                     |                |
| - Investment Holding         | (321)              | (121)         | (537)               | (1,758)        |
| - Retailing                  | 575                | 2,917         | (486)               | 5,813          |
|                              | <u>254</u>         | <u>2,796</u>  | <u>(1,023)</u>      | <u>4,055</u>   |

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

Group revenue for the three (3) months quarter ended 31 December 2017 was RM35.40 million, 2.31% lower than the revenue of RM36.23 million recorded in the same quarter last year. The Group revenue was mainly contributed from the Group's retailing segment.

The Group recorded a loss before taxation of RM0.07 million for the current quarter as compared to a profit before taxation of RM1.91 million in the preceding year's corresponding quarter. The loss was mainly attributable to the underperformance of retailing business during the current quarter.

## **Retailing**

The retailing segment revenue for the 3 months period ended 31 December 2017 was RM35.39 million, compared to RM36.23 million in the preceding year's corresponding quarter ended 31 December 2016, while the segment profit was RM0.58 million compared to RM2.92 million in the preceding year's corresponding quarter 31 December 2016. An increasingly competitive environment and tough market condition have affected the segment result.

## **Holding Investment**

The revenue recorded from the holding investment segment is rental income from its investment property in the current quarter as compared to no revenue in the preceding year's corresponding quarter. For the current quarter, the holding investment segment reported a loss of RM0.32 million for the quarter compared to RM0.12 million for corresponding quarter of the preceding year. The increase in loss was mainly due to expenses incurred for the corporate proposals.

### **b) Performance of current period against the preceding year's corresponding period**

For the period under review, Group revenue decreased by 0.63% to RM102.57 million as compared to RM103.22 million recorded in the corresponding period last year.

The Group's loss before tax for the financial period ended 31 December 2017 was RM2.14 million, compared to a profit before tax of RM2.26 million in the preceding year's corresponding period ended 31 December 2016.

The continuing sluggish market condition and falling consumer confidence have adversely affected the reported revenue and operating results of the Group for the current financial period ended 31 December 2017.

## **Retailing**

The retailing segment revenue of RM102.56 million for the nine (9) months ended 31 December 2017 was 0.63% lower than the revenue of RM103.22 million recorded in the previous corresponding period.

The retailing segment reported a loss of RM0.49 million as compared to a profit of RM5.81 million recorded in the preceding year's corresponding quarter ended 31 December 2016 primarily due to lower revenue, lower gross margin on certain categories and higher operating expenses.

## **Holding Investment**

The revenue recorded from the holding investment segment is rental income from its investment property in the current financial period as compared to no revenue in the same period last year. The segment loss was lower by 69.45% at RM0.54 million for financial period ended 31 December 2017, mainly due to the reversal of compensation recoverable arising from acquisition of subsidiary in the preceding year's corresponding period ended 31 December 2016.

## B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

|  | Current<br>Quarter<br>31/12/2017<br>RM'000 | Immediate<br>Preceding<br>Quarter<br>30/09/2017<br>RM'000 | Changes |          |
|--|--|---|---------|----------|
|  |  |   | RM'000  | %        |
| Revenue  | 35,395                                     | 25,344  | 10,051  | 39.66    |
| Profit/(loss) from Operations before Interest<br>and Tax               | 254  | (4,556)   | 4,810   | (105.58) |
| Profit/(loss) before tax   | (70)                                       | (4,946)   | 4,876   | (98.58)  |
| Profit/(Loss) after tax  | (539)                                      | (4,500)   | 3,961   | (88.02)  |
| Profit/(Loss) Attributable to Ordinary Equity<br>Holders of the Parent | (539)                                      | (4,500)   | 3,961   | (88.02)  |

The Group revenue increased 39.66% to RM35.40 million in the current quarter as compared to RM25.34 million in the immediate preceding quarter ended 30 September 2017. The increase in revenue was mainly contributed by the retailing division's sales during the festival season and year-end sales.

In line with the growth in revenue, the Group reported a lower loss before taxation of RM0.07 million as compared to the preceding year corresponding quarter's loss before taxation of RM4.95 million.

## B3. COMMENTARY ON PROSPECTS

On the back of the tough competition and fragile consumer demand, the outlook for the Group's core business is expected to be challenging. However, we believe that the local consumer spending is likely to recover in the coming periods due the continuous BR1M handout and several incentives announced by the Malaysia government. The government's efforts will increase in the domestic consumption of lower income Malaysians.

## B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

**B5. TAXATION**

The taxation charge/(credit) included the following:

|                              | Current Quarter<br>RM'000 | Financial Year<br>to Date<br>RM'000 |
|------------------------------|---------------------------|-------------------------------------|
| In respect of current period |                           |                                     |
| - income tax                 | 467                       | 786                                 |
| - deferred tax               | -                         | -                                   |
| In respect of prior year     |                           |                                     |
| - income tax                 | 2                         | 2                                   |
| - deferred tax               | -                         | -                                   |
|                              | 469                       | 788                                 |

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<br>Utilisation<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Balance<br>Proceeds<br>RM'000 | Deviation          |    | Intended Timeframe for<br>utilisation                                  |
|----------------------------------|-----------------------------------|---------------------------------|-------------------------------|--------------------|----|--|
|                                  |                                   |                                 |                               | RM'000             | %  |  |
| Working capital                  | 2,498                             | (2,498)                         | -                             | -                  | -  | Within 6 months from the completion of the Proposed Private Placement  |
| Business expansion               | 6,500                             | (770)                           | 5,730 <sup>(i)</sup>          | -                  | -  | Within 12 months from the completion of the Proposed Private Placement |
| Expenses related to the disposal | 200                               | (168)                           | 32                            | 32 <sup>(ii)</sup> | 16 | Within 1 month from the completion of the Proposed Private Placement   |
| <b>Total</b>                     | <b>9,198</b>                      | <b>(3,436)</b>                  | <b>5,762</b>                  | <b>32</b>          |    |  |

(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:-

|                         | <b>Current<br/>Year-To-date<br/>31/12/2017<br/>RM'000</b> | <b>Proceeding Year<br/>Corresponding<br/>Period<br/>31/12/2016<br/>RM'000</b> |
|-------------------------|---|---|
| <b>Short Term</b>       |   |   |
| Hire purchase creditors | 78  | 78  |
| Bankers' acceptance     | 17,006  | 24,069  |
| Term loans              | 2,013   | 2,089   |
| Bank overdraft          | 3,249   | 2,382   |
|                         | <hr/> 22,346  | <hr/> 28,618  |
| <b>Long Term</b>        |   |   |
| Hire purchase creditors | 239   | 313   |
| Term Loans              | 2,429   | 4,542   |
|                         | <hr/> 2,668   | <hr/> 4,855   |
|                         | <hr/> 25,014  | <hr/> 33,473  |

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 31 December 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  | (539)           | (2,924)                |
| -Discontinued operations  | -               | -                      |
|   | <u>(539)</u>    | <u>(2,924)</u>         |
| Number of ordinary shares in issue (in thousand)                                    | 81,900          | 81,900                 |
| Basic earnings per share (sen) :  |                 |                        |
| -Continuing operations  | (0.66)          | (3.57)                 |
| -Discontinued operations  | -               | -                      |

The earnings per ordinary share for the financial period ended 31 December 2017 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<br>RM'000 | Financial Year to Date<br>RM'000 |
|--|---------------------------|----------------------------------|
|--|---------------------------|----------------------------------|

This is arrived at after (charging)/crediting :-

|   |              |                |
|---|--------------|----------------|
| Interest Income                                   | 113          | 296            |
| Other income                                      | 52           | 87             |
| Loss on disposal of property, plant and equipment | -            | (3)            |
| Interest expenses                                 | (325)        | (1,113)        |
| Depreciation and amortisation                     | (467)        | (1,382)        |
| Impairment on inventories                         | 49           | (821)          |
| Write off plant and equipment                     | (12)         | (421)          |
| Impairment loss on trade/others receivable        | 1            | (101)          |
|   | <u>(589)</u> | <u>(3,458)</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.