

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	CURRENT QUARTER ENDED 31/03/2020 RM'000	COMPARATIVE QUARTER ENDED 31/03/2019 RM'000	9 Months CUMULATIVE TO 31/03/2020 RM'000	9 Months CUMULATIVE TO 31/03/2019 RM'000
CONTINUING OPERATIONS				
Revenue	41,507	N/A	127,478	N/A
Operating Expenses	(40,233)	N/A	(125,824)	N/A
Other Income	135	N/A	442	N/A
Profit/(loss) from Operations	1,409	N/A	2,096	N/A
Finance costs	(786)	N/A	(1,685)	N/A
Share of results of an associate	-	N/A	-	N/A
Profit/(loss) before tax	623	N/A	411	N/A
Taxation	(12)	N/A	(866)	N/A
Profit/(loss) after taxation from continuing operations	611	N/A	(455)	N/A
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	N/A	-	N/A
Profit/(loss) after taxation	611	N/A	(455)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income/(expenses) for the year/period	611	N/A	(455)	N/A
Net profit/(loss) attributable to :				
Equity holders of the parent	611	N/A	(455)	N/A
Minority interests	-	N/A	-	N/A
	611	N/A	(455)	N/A
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	611	N/A	(455)	N/A
Minority interest	-	N/A	-	N/A
	611	N/A	(455)	N/A
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	0.72	N/A	(0.54)	N/A
- discontinued operations	-	N/A	-	N/A
(b) Diluted				
- continuing operations	-	N/A	-	N/A
- discontinued operations	-	N/A	-	N/A
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	41,507	N/A	127,478	N/A
- discontinued operations	-	N/A	-	N/A
	41,507	N/A	127,478	N/A

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	AS AT 31/03/2020 RM'000	AS AT 30/06/2019 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,568	6,477
Investment property	2,709	2,757
Right-use assets	1,140	0
Deferred Tax Assets	182	182
Intangible asset	25,168	25,168
	<u>34,767</u>	<u>34,584</u>
Total non-current assets		
Current Assets		
Inventories	71,446	54,650
Debtors	25,214	43,065
Current tax assets	395	3,757
Cash and bank balances	29,060	21,779
	<u>126,115</u>	<u>123,251</u>
Total Assets	<u>160,882</u>	<u>157,835</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	55,150	51,240
Reserves	<u>40,312</u>	<u>40,767</u>
Total equity	<u>95,462</u>	<u>92,007</u>
Non-current liabilities		
Long term borrowings	1,887	2,688
Deferred tax liabilities	0	0
Lease liabilities	<u>1,096</u>	<u>0</u>
	<u>2,983</u>	<u>2,688</u>
Current Liabilities		
Creditors	32,724	32,880
Short-term borrowings	29,625	28,762
Lease liabilities	88	0
Taxation	<u>0</u>	<u>1,498</u>
	<u>62,437</u>	<u>63,140</u>
Total liabilities	<u>65,420</u>	<u>65,828</u>
Total equity and liabilities	<u>160,882</u>	<u>157,835</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u><u>1.05</u></u>	<u><u>1.12</u></u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

MESB BERHAD [Registration No.: 199501008356 (337554-D)]

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	<-- Attributable to equity holders of the parent -->				Total
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Capital Reserve RM'000	Equity RM'000
At 1 July 2019 : -	51,240	-	40,767	-	92,007
Issued of shares pursuant to the private placement	3,910				3,910
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(455)	-	(455)
At 31 March 2020	<u>55,150</u>	<u>-</u>	<u>40,312</u>	<u>-</u>	<u>95,462</u>

(The above Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

9 Months
ENDED
31/03/2020
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/loss before taxation	411
Adjustments for :-	
Impairment losses on receivables	-
Depreciation and amortisation	2,231
Finance costs	1,685
Written off plant and equipment	195
Inventories written down/(back)	(328)
Gain on disposal of property and equipment	-
Net unrealised foreign exchange loss/(gain)	-
Finance income	(350)
Operating profit before working capital and non-current assets changes	<u>3,844</u>
Changes in inventories	(16,467)
Changes in trade and other receivables	17,851
Changes in trade and other payables	(156)
Cash from/(for) operating activities	<u>5,072</u>
Income tax(paid)/ refunded	997
Interest paid	(1,685)
Net cash from/(used in) operating activities	<u>4,384</u>

Cash Flow From Investing Activities

Acquisition of property, plant and equipment	(584)
Interest received	350
Upliftment/(Placement) of fixed deposits pledged	(3,383)
Proceeds from disposal of property, plant and equipment	-
Net cash/(used in) from investing activities	<u>(3,617)</u>

Net Cash Flow from/(used in) financing activities

Drawdown/(repayment) of bankers' acceptances	6,818
Repayment of finance lease liabilities	(55)
(Repayment)/drawdown of term loans	(1,242)
Issue shares pursuant a private placement	3,910
Payment of lease liabilities	(841)
	<u>8,590</u>

**NET INCREASE / (DECREASE) IN CASH
AND CASH EQUIVALENTS**

9,357

Cash and cash equivalents at beginning of the year

(968)

Cash and cash equivalents at end of the period

8,389

Note :

The Cash & Cash Equivalents comprise of the following :-

9 Months
ENDED
31/03/2020
RM'000

Deposits with licensed banks	19,271
Less Pledged deposits	(19,271)
	-
Cash and bank balances	9,616
Highly liquid investments with financial institutions	173
Bank Overdraft	(1,400)
	<u>8,389</u>

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

MESB BERHAD [Registration No.: 199501008356 (337554-D)]
Interim Financial Report for the Financial Period Ended 31 March 2020

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 period ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2019.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group adopted MFRS 16 using modified retrospective approach and measured the right-of-use assets equals to the lease liabilities at 1 July 2019 with no restatement of comparative information.

The effect of adoption of MFRS 16 to the Group as at 1 July 2019 is as follows:

Consolidated Statement of Financial Position

	As at 30 June 2019 RM'000	Adjustment RM'000	After MFRS 16 Adoption as at 1 July 2019 RM'000
Assets			
Right-of-use assets	-	1,993	1,993
Liabilities			
Lease Liabilities	-	(1,993)	(1,993)

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial period ended 30 June 2019 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 amounts reported in prior financial years that have a material effect in the current quarter and financial year-to-date.

A6. DEBTS AND EQUITY SECURITIES

There were no 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

	Current Year Quarter 31/03/20 RM'000	Cumulative Year To Date 31/03/20 RM'000
Segment Revenue		
- Investment Holding	10	32
- Retailing	41,630	127,988
Total Revenue	41,640	128,020
Segment Revenue		
- Investment Holding	-	-
- Retailing	(133)	(542)
Inter-Segment Revenue	(133)	(542)
Segment Revenue		
- Investment Holding	10	32
- Retailing	41,497	127,446
External Revenue	41,507	127,478
Segment profit/(Loss)		
- Investment Holding	(189)	(539)
- Retailing	1,598	2,635
	1,409	2,096
Finance costs	(786)	(1,685)
Consolidated profit/(loss) before taxation	623	411

As at 31/03/2020
RM'000

Segment assets ⁽ⁱ⁾

- Investment Holding	28,418
- Retailing	132,464
	160,882

(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

Reconciliations of reportable segment profit or loss and assets

Period ended 31 March 2020

	Trading	Investment Holding	Total
	RM'000	RM'000	RM'000
<u>Profit or loss</u>			
Total profit/(loss) for reportable segments	2,635	(539)	2,096
Finance costs	(1,685)	-	(1,685)
Consolidated profit/(loss) before tax	950	(539)	411

As at 31 March 2020

	Trading	Investment Holding	Total
	RM'000	RM'000	RM'000
<u>Assets</u>			
Total assets for reporting segments	132,464	33,394	165,858
Elimination of inter-segment balances	-	(4,976)	(4,976)
Consolidated total assets	132,464	28,418	160,882

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuation of land and buildings had been brought forward without amendment from the previous annual audited report.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 31 March 2020.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial period ended 31 March 2020.

A12. CONTINGENT LIABILITIES

Save as disclosed below, the Group does not have any other contingent liabilities as at 31 March 2020.

	As at 30/03/2020 RM'000	As at 30/03/2019 RM'000
Litigation arising as disclosed in Note B8	5,243 [#]	-
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	-	*

The contingent liability relating to the litigation claim excludes, among other, interest claimed, legal cost, damages and other reliefs to be determined solely by the discretion of the court.

* The corporate guarantees provided by the Company to banks in respect of banking facilities granted to certain subsidiaries are no longer disclosed as contingent liability, but instead disclosed under the Financial Instruments in Note 21 of the Group's audited financial statement for the financial period ended 30 June 2019.

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 March 2020 are as follows:

Transaction parties	Nature of transaction	Current Quarter 31/03/20 RM'000	Cumulative Year to Date 31/03/20 RM'000
MX Too Sdn Bhd	Sale of products	-	1
MX Too Sdn Bhd	Purchase of products	-	6
Roncato Sdn Bhd	Sale of products	101	454
Branded Platform Sdn Bhd	Sale of products	776	2,740
Branded Platform Sdn Bhd	Other income	-	57

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.

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

	Current Year Quarter 31/03/20 RM'000	Cumulative Year To Date 31/03/20 RM'000
Segment Revenue		
- Investment Holding	10	32
- Retailing	41,497	127,446
	<u>41,507</u>	<u>127,478</u>
Segment profit/(Loss)		
- Investment Holding	-	(539)
- Retailing	1,598	2,635
	<u>1,409</u>	<u>2,096</u>

During the current quarter under review, the Group recorded a revenue and profit before taxation of RM41.51 million and RM0.62 million respectively.

Retailing Segment

The Retailing Segment reported a revenue and segment profit of RM41.50 million and RM1.60 million respectively in the current quarter ended 31 March 2020.

Investment Holding Segment

The Investment Holding Segment reported a loss of RM0.19 million for the quarter under review.

The Group and the Company have changed its financial year end from 31 March to 30 June with effect from 1 April 2018. Due to the change in the financial year, Therefore, no comparison with the corresponding quarter and year in the preceding year.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current	Immediate	Changes	
	Quarter	Preceding		
	31/03/2020	31/12/2019	RM'000	%
	RM'000	RM'000		
Revenue	41,507	53,745	(12,238)	(22.77)
Profit/(Loss) from Operations before Interest and Tax	1,409	4,328	(2,919)	(67.44)
Profit/(Loss) before tax	623	3,902	(3,279)	(84.03)
Profit/(Loss) after tax	611	3,049	(2,438)	(79.96)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	611	3,049	(2,438)	(79.96)

The Group's revenue for the current quarter ended 31 March 2020 was RM41.51 million, representing 22.77% decrease compared with the immediate preceding quarter ended 31 December 2019.

Correspondingly, the profit before taxation of the Group for the current quarter ended 31 March 2020 was RM0.62 million, a decrease of 84.03% or RM3.28 million compared to immediate preceding quarter ended 31 December 2019.

The current quarter performance reflects the impact of unexpected low operating revenue in the retail segment due to the closure of physical stores during the Movement Control Order (MCO) period, which was imposed by the Malaysian Government on 18 March 2020 to curb the spread of the Covid-19 outbreak.

B3. COMMENTARY ON PROSPECTS

The Covid-19 pandemic has been hugely damaging to the Malaysia retail sector. This applies particularly to retailers selling non-essential goods, who have been forced to close their physical stores during the Movement Control Order ("MCO") and now allowed to resume business, subject to conditions and Standard Operating Procedure outlined by the Government.

Given the Covid-19 pandemic is unprecedented, the economic outlook will remain uncertain and volatile. The Group will monitor, manage and assess the impact of the Covid-19 pandemic on Group's business, financial performance and financial position.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation charge included the following:

	Current Quarter	Cumulative Year To Date
	RM'000	RM'000
In respect of current period		
- income tax	130	984
- deferred tax	-	-
In respect of prior year		
- income tax	(118)	(118)
- deferred tax	-	-
	<u>12</u>	<u>866</u>

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

B6. CORPORATE PROPOSALS

The status of corporate proposals announced but not completed as at the date of this report are as follow:-

On 10 October 2019, the Company ("MESB") announced that it proposed to undertake a private placement of up to 30% of the issued share capital of MESB to independent third party investor(s) to be identified at a later date ("Proposed Private Placement"). The shareholders of the Company had approved the Proposed Private Placement at an extraordinary general meeting ("EGM") of the Company held on 26 November 2019.

The Company had on 6 December 2019 completed the first tranche of the Proposed Private Placement, following the listing of and quotation for 9,200,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad. As of 26 February 2020, RM3.91 million has been utilised for working capital, repayment of bank borrowings and expenses relating to the Private Placement purposes.

On 2 April 2020, Bursa Malaysia Securities Berhad had granted the Company an extension of time of up 4 November 2020 to implement the Private Placement.

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2020 as follow:-

Short Term			
	Hire purchase creditors	34	
	Bankers' acceptance	27,047	
	Term loans	1,144	
	Bank overdraft	<u>1,400</u>	29,625
Long Term			
	Hire purchase creditors	112	
	Term Loans	<u>1,775</u>	1,887
	Total		<u>31,512</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

Save as disclosed below, 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.

On 22 August 2019, the Company was served with a writ of summon together with statement of claim in relation to a claim filed by Zelleco Engineering Sdn. Bhd. The claim relates to a suit previously filed against Maintenance Engineering Sdn. Bhd. for an outstanding amount of approximately RM5.24 million together with interest and cost thereon, which was duly disposed by the Company on 22 March 2012 and wound up by a third party on 18 June 2013.

The decision date on 18 May 2020 for striking out application filed by the Company has been adjourned and a new decision date will be notified by the Court in due course.

B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 31 March 2020.

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	Cumulative Year to Date
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	611	(455)
Weighted average number of ordinary shares (in thousand)	84,799	84,799
Basic earnings/(loss) per share (sen)	0.72	(0.54)

B11. PROFIT FOR THE PERIOD

	Current Quarter RM'000	Cumulative Year To Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	123	350
Other income	14	93
Inventories write back/(write down)	313	328
Finance costs	(786)	(1,685)
Depreciation and amortisation	(733)	(2,231)
Write off plant and equipment	(38)	(195)
	<u>(1,107)</u>	<u>(3,340)</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.