

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	CURRENT QUARTER ENDED 31/03/2021 RM'000	COMPARATIVE QUARTER ENDED 31/03/2020 RM'000	9 months CUMULATIVE TO 31/03/2021 RM'000	9 months CUMULATIVE TO 31/03/2020 RM'000
CONTINUING OPERATIONS				
Revenue	34,438	41,507	98,315	127,478
Operating Expenses	(34,158)	(40,233)	(94,723)	(125,824)
Other Income	578	135	2,334	442
Profit/(loss) from Operations	858	1,409	5,926	2,096
Finance costs	(352)	(786)	(984)	(1,685)
Share of results of an associate	-	-	-	-
Profit/(loss) before tax	506	623	4,942	411
Taxation	(518)	(12)	(1,654)	(866)
Profit/(loss) after taxation from continuing operations	(12)	611	3,288	(455)
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	-	-	-
Profit/(loss) after taxation	(12)	611	3,288	(455)
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	(12)	611	3,288	(455)
Net profit/(loss) attributable to :				
Equity holders of the parent	(12)	611	3,288	(455)
Minority interests	-	-	-	-
	(12)	611	3,288	(455)
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	(12)	611	3,288	(455)
Minority interest	-	-	-	-
	(12)	611	3,288	(455)
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(0.01)	0.72	3.33	(0.54)
- discontinued operations	-	-	-	-
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	34,438	41,507	98,315	127,478
- discontinued operations	-	-	-	-
	34,438	41,507	98,315	127,478

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	AS AT 31/03/2021 RM'000	AS AT 30/06/2020 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	4,201	5,286
Investment property	2,646	2,694
Right-use assets	584	1,258
Deferred Tax Assets	252	252
	<u>7,683</u>	<u>9,490</u>
Current Assets		
Inventories	67,852	68,847
Debtors	23,637	20,481
Current tax assets	2,319	1,819
Cash and bank balances	45,374	32,323
	<u>139,182</u>	<u>123,470</u>
Total Assets	<u>146,865</u>	<u>132,960</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	58,645	55,150
Reserves	<u>17,280</u>	<u>13,992</u>
Total equity	<u>75,925</u>	<u>69,142</u>
Non-current liabilities		
Long term borrowings	1,235	1,987
Lease liabilities	<u>233</u>	<u>250</u>
	<u>1,468</u>	<u>2,237</u>
Current Liabilities		
Creditors	49,658	38,193
Short-term borrowings	19,263	22,250
Lease liabilities	551	1,138
Taxation	<u>0</u>	<u>0</u>
	<u>69,472</u>	<u>61,581</u>
Total liabilities	<u>70,940</u>	<u>63,818</u>
Total equity and liabilities	<u>146,865</u>	<u>132,960</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>0.71</u>	<u>0.76</u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	<-- Attributable to equity holders of the parent -->				Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Capital Reserve RM'000	
At 1 July 2020: -	55,150	-	13,992	-	69,142
Issued of shares pursuant to the private placement	3,300				3,300
Issued of shares pursuant to Conversion of Warrants	195				195
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	3,288	-	3,288
At 31 March 2021	<u>58,645</u>	<u>-</u>	<u>17,280</u>	<u>-</u>	<u>75,925</u>
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 year ended 30 June 2020)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	9 Months ENDED 31/03/2021 RM'000	12 Months ENDED 30/06/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	4,942	(26,241)
Adjustments for :-		
Impairment losses on receivables	28	63
Depreciation and amortisation	2,168	3,039
Impairment losses on intangible assets	-	25,168
Net unrealised loss on foreign exchange	-	147
Finance costs	985	1,836
Written off plant and equipment	49	216
Reversal of write-down of inventories	108	(341)
Gain on derecognition of right-of-use assets	-	(3)
Finance income	(310)	(512)
Operating profit before working capital and non-current assets changes	<u>7,970</u>	<u>3,372</u>
Changes in inventories	887	(13,856)
Changes in trade and other receivables and prepayments	(3,181)	22,521
Changes in trade and other payables	11,463	5,166
Cash from/(for) operating activities	<u>17,139</u>	<u>17,203</u>
Income tax(paid)/ refunded	(2,154)	(164)
Interest paid	(985)	(1,836)
Net cash from/(used in) operating activities	<u>14,000</u>	<u>15,203</u>
Cash Flow From Investing Activities		
Acquisition of property, plant and equipment	(65)	(784)
Interest received	310	512
Upliftment/(Placement) of fixed deposits pledged	(1,934)	(3,798)
Proceeds from disposal of property, plant and equipment	-	-
Net cash/(used in) from investing activities	(1,689)	(4,070)
Net Cash Flow from/(used in) financing activities		
Drawdown/(repayment) of bankers' acceptances	(8,028)	(523)
(Repayment)/drawdown of term loans	4,299	(1,271)
Issue shares pursuant a private placement	3,300	3,910
Issue of shares pursuant conversion of warrants	195	-
Payment of lease liabilities	(950)	(1,286)
	<u>(1,184)</u>	<u>830</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	11,127	11,963
Cash and cash equivalents at beginning of the year	10,995	(968)
Cash and cash equivalents at end of the period	<u>22,122</u>	<u>10,995</u>

Note :

The Cash & Cash Equivalents comprise of the following :-

	9 Months ENDED 31/03/2021 RM'000	12 Months ENDED 30/06/2020 RM'000
Deposits with licensed banks	21,621	19,687
Less Pledged deposits	(21,621)	(19,687)
Cash and bank balances	23,430	12,315
Highly liquid investments with financial institutions	324	321
Bank Overdraft	(1,632)	(1,641)
	<u>22,122</u>	<u>10,995</u>

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020)

MESB BERHAD [Registration No.: 199501008356 (337554-D)]
Interim Financial Report for the Financial Period Ended 31 March 2021

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 30 June 2020.

The accounting policies adopted by the Group and the Company are consistent with those of the audited financial statements for the financial year ended 30 June 2020 except for the following adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards:

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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 30 June 2020 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

	Individual Quarter		Cumulative Quarters	
	31/03/21	31/03/20	31/03/21	31/03/20
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Investment Holding	13	10	24	32
- Waste Recycling	-	-	-	-
- Retailing	34,544	41,630	98,709	127,988
Total Revenue	<u>34,557</u>	<u>41,640</u>	<u>98,732</u>	<u>128,020</u>

Segment Revenue

- Investment Holding	-	-	-	-
- Waste Recycling	-	-	-	-
- Retailing	(119)	(133)	(418)	(542)
Inter-Segment Revenue	<u>(119)</u>	<u>(133)</u>	<u>(418)</u>	<u>(542)</u>

Segment Revenue

- Investment Holding	13	10	24	32
- Waste Recycling	-	-	-	-
- Retailing	34,425	41,497	98,291	127,446
External Revenue	<u>34,438</u>	<u>41,507</u>	<u>98,315</u>	<u>127,478</u>

Segment profit/(Loss)

- Investment Holding	(205)	(189)	(551)	(539)
- Waste Recycling	(6)	-	(6)	-
- Retailing	1,069	1,598	6,483	2,635
	<u>858</u>	<u>1,409</u>	<u>5,926</u>	<u>2,096</u>
Finance costs	(352)	(786)	(984)	(1,685)
Consolidated profit/(loss) before taxation	<u>506</u>	<u>623</u>	<u>4,942</u>	<u>411</u>

As at As at
31/03/2021 31/03/2020
RM'000 RM'000

Segment assets ⁽ⁱ⁾

- Investment Holding	6,815	28,418	
- Waste Recycling	101	-	
- Retailing	142,768	132,464	
	149,684	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

	<-- 6 Months Ended 31 March 2021-->				<--6 Months Ended 31 March 2020-->			
	Trading	Investment Holding	Waste Recycling	Total	Trading	Investment Holding	Waste Recycling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Profit or loss</u>								
Total profit/(loss) for reportable segments	6,483	(551)	(6)	5,926	2,635	(539)	-	2,096
Finance costs	(984)	-	-	(984)	(1,685)	-	-	(1,685)
Consolidated profit/(loss) before tax	5,499	(551)	(6)	4,942	950	(539)	-	411

	<-- 6 Months Ended 31 March 2021-->				<--6 Months Ended 31 March 2020-->			
	Trading	Investment Holding	Waste Recycling	Total	Trading	Investment Holding	Waste Recycling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Total assets for reporting segments	142,768	6,815	101	149,684	132,464	33,394	-	165,858
Elimination of inter-segment balances	-	(2,819)	-	(2,819)	-	(4,976)	-	(4,976)
Consolidated total assets	142,768	3,996	101	146,865	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

Save for Note B6 below, there were no material events subsequent to the financial period ended 31 March 2021.

A11. CHANGES IN COMPOSITION OF THE GROUP

- a) The Company's wholly-owned subsidiary of Crystal United Sdn Bhd, incorporated in Malaysia under the Company Act 2016, has been deregistered from the Registrar of the Companies Commission of Malaysia ("CCM") on 4 December 2020.
- b) The Company has incorporated a new wholly-owned subsidiary, MESB Resources Sdn Bhd in Malaysia under the Companies Act 2016 on 5 February 2021.

A12. CONTINGENT LIABILITIES

Save as disclosed below, the Group does not have any other contingent liabilities as at 31 March 2021-

	As at 31/03/2021 RM'000	As at 31/03/2020 RM'000
Litigation arising as disclosed in Note B8	5,243	5,243

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.

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 March 2021 are as follows:

Transaction parties	Nature of transaction	Current Quarter 31/03/2021 RM'000	Cumulative Year to Date 31/03/2021 RM'000
Branded Platform Sdn Bhd	Sale of products	46	628

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

	Individual Quarter		Cumulative Quarters	
	31/03/21	31/03/20	31/03/21	31/03/20
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Investment Holding	13	10	24	32
- Waste Recycling	-	-	-	-
- Retailing	34,425	41,497	98,291	127,446
	<u>34,438</u>	<u>41,507</u>	<u>98,315</u>	<u>127,478</u>
Segment profit/(Loss)				
- Investment Holding	(205)	(189)	(551)	(539)
- Waste Recycling	(6)	-	(6)	-
- Retailing	1,069	1,598	6,483	2,635
	<u>858</u>	<u>1,409</u>	<u>5,926</u>	<u>2,096</u>

a) Current quarter against the preceding year's corresponding quarter

For the 3rd quarter under review, the Group recorded a revenue of RM34.44 million, a decline of 17.03% as compared to the previous year corresponding quarter of RM41.51 million. The Group reported slight growth in profit before taxation of RM0.51 million compared to RM0.62 million for previous year's corresponding quarter.

Retail Segment

The Retail segment reported a decline in revenue and profit of RM34.43 million and RM1.07 million respectively, in the current quarter, primarily driven by lower revenue resulting from COVID-19 pandemic impacts, on the consumer spending and movement control measures imposed by the government.

Waste Recycling Segment

No revenue generated from Waste Recycling Segment due to the business has yet to commence during the quarter under review.

Investment Holding Segment

The Holding Investment Segment reported loss of RM0.20 million for the quarter under review compared to RM0.19 million for previous year's corresponding quarter.

b) Current period against the preceding year's corresponding period

The Group recorded 3rd quarter revenue of RM98.32 million, a decrease of 22.88% from the same period last year which was mainly attributed to its Retail Segment. Despite revenue fall, the Group reported an increase in profit before taxation of RM4.94 million as compared to the preceding year's corresponding period of RM0.41million.

Retail Segment

For the financial year-to-date, the Retail segment reported revenue of RM98.29 million, a decrease of 22.88 % compared to RM127.45 million for the preceding year's corresponding period. Despite the drop in revenue, the Retail Segment reported an increase in profit of RM6.48 million compared to RM2.64 million for last year as a result of operating efficiencies.

Waste Recycling Segment

No revenue generated from Waste Recycling Segment due to the business has yet to commence during the quarter under review.

Investment Holding Segment

The Investment Holding segment reported a loss of RM0.55 and RM0.54 million respectively for financial period ended 31 March 2021 and 31 March 2020 respectively.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 31/03/2021 RM'000	Immediate Preceding Quarter 31/12/2020 RM'000	Changes	
			RM'000	%
Revenue	34,438	29,625	4,813	16.25
Profit/(Loss) from Operations before Interest and Tax	858	1,323	(465)	(35.15)
Profit/(Loss) before tax	506	1,071	(565)	(52.75)
Profit/(Loss) after tax	(12)	611	(623)	(101.96)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(12)	611	(623)	(101.96)

The Group's revenue increased by 16.25% from RM29.63 million in the immediate preceding quarter to RM34.44 million in the current quarter due to Chinese New Celebrations and Holiday fall in the quarter under review.

The Group's profit taxation was declined by 52.75% from RM1.07 million to RM0.51 million, mainly due to higher staff costs.

B3. COMMENTARY ON PROSPECTS

With market demand affected negatively by COVID-19 pandemic, the Group will continue to operate with agility, focused on optimizing marketplace supply and demand, cost management and leveraging our financial strength to drive long-term sustainability.

Besides, the Company's new waste recycling business segment will be enabled to provide an additional revenue and income stream as well as to strengthen the Group's financial performance in the financial years moving forward.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation charge included the following:

	Current Quarter RM'000	Year-To-Date RM'000
Current period income tax	<u>518</u>	<u>1,654</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

On 15 January 2021, the Company announced that it proposing to undertake the following proposals:

- (i) proposed diversification of the existing business of the Company and its subsidiaries to include the collection and recycling of wastepaper, plastics scrap and scrap ferrous metal ("Proposed Diversification"); and
- (ii) proposed shareholders' mandate for recurrent related party transactions expected to be entered into by the MESB Group with related parties pursuant to the Proposed Diversification.

The Company had obtained the approval for the aforementioned Corporate Proposals from its shareholders at its extraordinary general meeting convened on 7 April 2021.

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2021 as follow:-

	RM'000
Short Term	
Bankers' acceptance	11,678
Term loans	5,953
Bank overdraft	<u>1,632</u>
	19,263
Long Term	
Term Loans	1,235
Total	<u>20,498</u>

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 ("Plaintiff"). 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 Company's application to strike out a claim filed by Plaintiff was dismissed by the Kuala Lumpur High Court on 16 December 2020. Accordingly, the Company had on 8 January 2021 filed a notice of appeal to the Court of Appeal against the said dismissal. The Court of Appeal has fixed a further case management on 8 November 2021 and the Court hearing has been fixed on 18 November 2021.

In respect of the application of discovery proceeding filed by the Plaintiff, the Court has dismissed the Plaintiff's application for discovery as against the Company, with cost in the cause.

B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 31 March 2021.

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	Year-To- Date
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(12)	3,288
Weighted average number of ordinary shares (in thousand)	98,838	98,838
Basic earnings/(loss) per share (sen)	(0.01)	3.33

B11. PROFIT FOR THE PERIOD

	Current Quarter 31/03/2021 RM'000	Cumulative Year to Date 31/03/2021 RM'000
This is arrived at after (charging)/crediting :-		
Other income	492	2,027
Interest Income	89	310
Impairment losses on receivables	-	(28)
Property, plant and equipment written off	(46)	(49)
Write back /(written off) of inventories	(309)	(108)
Finance costs	(352)	(985)
Depreciation and amortisation	(619)	(2,168)
	<u>(745)</u>	<u>(1,001)</u>

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.