

MESB BERHAD (337564-D)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2010

	CURRENT QUARTER ENDED 12/31/2010 RM'000	COMPARATIVE QUARTER ENDED 12/31/2009 RM'000	9 Months CUMULATIVE TO 12/31/2010 RM'000	9 Months CUMULATIVE TO 12/31/2009 RM'000
Revenue	19,710	26,692	54,316	75,053
Operating Expenses	(19,625)	(25,229)	(50,982) **	(70,162)
Other Income	142	243	743	792
Profit/(loss) from Operations	227	1,706	4,077	5,663
Finance costs	(446)	(696)	(1,343)	(2,135)
Share of results of an associate	40	212	861	791
Profit/(loss) before tax	(179)	1,222	3,595	4,319
Taxation	(345)	(685)	(1,128)	(1,547)
Profit/(loss) for the period	(524)	537	2,467	2,772
Attributable to:				
Equity holders of the parent	(864)	234	1,384	1,275
Minority interests	340	303	1,083	1,497
	(524)	537	2,467	2,772
Earnings/(Loss) per share (sen)				
(a) Basic	(2.06)	0.56	3.30	3.04
(b) Diluted	-	-	-	-

Note no. 1 ** - Operating Expenses for 9 months cumulative ending 31 December 2010 consists of the following :-

	RM'000
Cost of sale	19,212
Selling and distribution expenses	13,038
Operating overhead	18,732
	<u>50,982</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

	AS AT 12/31/2010 RM'000	AS AT 3/31/2010 Restated RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	23,858	27,167
Prepaid land lease payments	2,161	2,180
Investment in associated company	3,448	2,586
Other investments	40	40
Intangible asset	24	28
Other assets	542	3,052
Goodwill on consolidation	24,668	24,668
Current Assets		
Amount owing by contract customers	1,126	499
Inventories	12,529	10,423
Debtors	16,325	20,145
Tax Recoverable	196	288
Cash and bank balances	8,611	9,492
	<u>38,787</u>	<u>40,847</u>
Total Assets	<u>93,528</u>	<u>100,568</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	<u>3,824</u>	<u>2,396</u>
Capital and Reserves	45,824	44,396
Minority interests	<u>3,152</u>	<u>2,519</u>
Total equity	<u>48,976</u>	<u>46,915</u>
Non-current liabilities		
Hire purchase creditors	995	1,037
Deferred tax liabilities	707	601
Term loans	<u>9,306</u>	<u>13,911</u>
	11,008	15,549
Current Liabilities		
Creditors	11,031	14,490
Amount owing to contract customers	4,558	5,673
Amount owing to director	1,546	5,476
Hire purchase creditors	478	465
Term loans	4,627	4,576
Bankers' acceptances, revolving credit and trust receipts	10,663	7,396
Taxation	<u>641</u>	<u>28</u>
	33,544	38,104
Total liabilities	<u>44,552</u>	<u>53,653</u>
Total equity and liabilities	<u>93,528</u>	<u>100,568</u>
Net Assets per share attributable to ordinary equity holders of the parent		
	<u>1.09</u>	<u>1.06</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)

MESB BERHAD (337554-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010**

	← 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			
At 1 April 2010: -	42,000	5	2,587	37	44,629	2,267	46,896
Effect arising from adoption of FRS139 as at 01.04.10	-	-	(189)	-	(189)	252	63
	<u>42,000</u>	<u>5</u>	<u>2,398</u>	<u>37</u>	<u>44,440</u>	<u>2,519</u>	<u>46,959</u>
Profit after taxation for the financial year	-	-	1,384	-	1,384	1,083	2,467
Dividend declared	-	-	-	-	-	(450)	(450)
At 31 December 2010	<u>42,000</u>	<u>5</u>	<u>3,782</u>	<u>37</u>	<u>45,824</u>	<u>3,152</u>	<u>48,976</u>
At 1 April 2009: -	42,000	5	1,795	37	43,837	3,870	47,707
Profit after taxation for the financial year	-	-	1,275	-	1,275	1,497	2,772
At 31 December 2009	<u>42,000</u>	<u>5</u>	<u>3,070</u>	<u>37</u>	<u>45,112</u>	<u>5,367</u>	<u>50,479</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2010

	9 MONTHS ENDED 12/31/2010 RM'000	12 MONTHS ENDED 3/31/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	3,595	4,177
Net Adjustments	4,743	5,909
	<u>8,338</u>	<u>10,086</u>
Operating profit before working capital and non-current assets changes	(4,931)	(8,538)
Cash from/(for) operating activities	3,407	1,548
Income tax(paid)/ refunded	(317)	(1,375)
Interest paid	(1,343)	(2,492)
Net cash from/(for) operating activities	<u>1,747</u>	<u>(2,319)</u>
Cash Flow From Investing Activities		
Disposal of a subsidiary, net of cash dispose	-	6,767
Purchase of property, plant and equipment	(1,102)	(3,307)
Interest received	233	260
Dividend paid to minority interest	(450)	-
Proceeds from disposal of property, plant and equipment	8	497
Net cash/(used in) from investing activities	<u>(1,311)</u>	<u>4,217</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of bank borrowings	(1,317)	(6,966)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(881)</u>	<u>(5,068)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,492	14,560
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>8,611</u>	<u>9,492</u>
Note :		
(1) Cash & Cash Equivalents for the period ended 31 December 2010 consists of the following :-		
Cash & Cash Equivalents	8,655	9,903
Bank Overdraft	(44)	(411)
	<u>8,611</u>	<u>9,492</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)

MESB BERHAD (337554-D)
Interim Financial Report for the Period Ended 31 December 2010

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 FRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of the 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 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2010 except for the following new Financial Reporting Standards (“FRS”) and Interpretations were issued but not yet effective and have not been applied by the Group :

		Effective for financial Period beginning on or after
Amendments to FRS 1 & FRS 127	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
Amendments FRS7, FRS132, FRS139 and IC Interpretation 9	Improvements to Accounting for Financial Instruments	1 January 2010
FRS4	Insurance Contracts	1 January 2010
FRS7	Financial Instruments: Disclosures	1 January 2010
FRS8	Operating Segments	1 July 2009
FRS123	Borrowing costs	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation11	FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation13	Customer Loyalty Programmes	1 January 2010
IC Interpretation14	FRS 119: The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction	1 January 2010

The adoption of the above FRS and interpretations does not have any significant financial impact on the Group upon its initial application except as follows :-

FRS139: Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognizing and measuring financial assets and financial liabilities. The Group has adopted FRS 139 prospectively on 1 April 2010. In accordance with the

transitional provisions, the effect arising from the adoption of this Standard has been accounted for by adjusting the opening balances of retained earnings as at 1 April 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS139 are as below :-

i) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Non current receivables and other receivables

Non current receivables and other receivables were previously recognized at their cost and subsequently stated at cost less allowance for doubtful debts. With the adoption of FRS 139, an impairment loss is recognized and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the effective interest method.

ii) Financial liabilities

Financial liabilities are classified as fair value through profit or loss and as amortized using the effective interest method.

The Group classified trade and other payables, customer deposits and borrowings as other financial liabilities, These recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparative figures of the Group as at 31 March 2010 are not restated. Instead, the changes have been accounted for by restating the following balance in the statement of financial position as at 1 April 2010.

	←----- At 1 April 2010 ----->		
	As previously stated RM'0000	Effects of FRS139 RM'000	As Restated RM'000
Assets			
Other assets			
Non current receivables	3,549	(497)	3,052
Other receivables, deposits and prepayments	3,605	(136)	3,469
Liabilities			
Other payables and accruals	6,971	(652)	6,319
Equity			
Retained profits	2,587	(233)	2,354
Minority Interest	2,267	252	2,519

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the period ended 31 March 2010 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.

A7. DIVIDENDS PAID

There were no dividends paid during the period under review.

A8. SEGMENTAL INFORMATION

	Engineering & Construction RM'000	Investment holding RM'000	Retailing RM'000	Group RM'000
REVENUE				
External revenue	7,034	627	47,164	54,825
Inter-segment revenue	104	(613)	-	(509)
	<u>7,138</u>	<u>14</u>	<u>47,164</u>	<u>54,316</u>
RESULTS				
Segment results	2,741	(593)	1,929	4,077
Finance costs	(614)	0	(729)	(1,343)
Share of results of an associate	-	861	-	861
Profit/(Loss) before taxation	<u>2,127</u>	<u>268</u>	<u>1,200</u>	<u>3,595</u>
Taxation	(106)	(22)	(1,000)	(1,128)
Profit/(Loss) after taxation	<u>2,021</u>	<u>246</u>	<u>200</u>	<u>2,467</u>

Attributable to:

Equity holders of the parent	938	246	200	1,384
Minority interests	1,083	-	-	1,083
	<u>2,021</u>	<u>246</u>	<u>200</u>	<u>2,467</u>

	Engineering & Construction RM'000	Investment holding RM'000	Retailing RM'000	Group RM'000
OTHER INFORMATION				
Segment assets	22,575	8,042	62,759	93,376
Segment liabilities	19,272	1,808	22,168	43,248
Capital expenditure	(402)	(6)	(694)	(1,102)
Depreciation	<u>1,102</u>	<u>22</u>	<u>895</u>	<u>2,019</u>

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current period. The valuation of land and buildings had been brought forward without amendment from the previous audited report.

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

There were no material events subsequent to the end of the current period as at 25 February 2011.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current interim period.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2010 are as follows :-

	As at 31/12/2010 RM'000	As at 31/12/2009 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	27,117	43,772
Claim Under litigation	-	1,356
	<u>27,117</u>	<u>45,128</u>

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 31 December 2010 are as follows:

Transaction parties	Nature of transaction	As at 31/12/2010 RM'000	As at 31/12/2009 RM'000
MX Too Sdn Bhd	Royalty	472	486
Roncato Sdn Bhd	Sale of products	1,907	1,358
Fook Cheong Trading	Sale of products	-	1
MRZ Car Seat Sdn Bhd	Rental	38	38

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 Period Ended 31 December 2010

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

The Group recorded a loss before taxation of RM0.52million for the current period under review as compared to a profit before taxation of RM0.54million in the preceding year's corresponding quarter. The decrease in results was mainly due to the reduced contribution from retailing division.

B2. COMMENT ON MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group recorded a loss before taxation of RM0.52million for the current quarter, as compared to the profit before taxation of RM1.89million for the preceding quarter. The deterioration in performance was mainly due to the adverse performance of the engineering division.

B3. COMMENTARY ON PROSPECTS

In view of the present of Middle East Scenario, the Group anticipates our business operations to be very challenging .

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
Current year provision	<u>1,128</u>	<u>783</u>

B6. UNQUOTED INVESTMENTS AND PROPERTIES

(1) There was no purchase of unquoted investment and/or property for the current quarter and the financial year to date.

- (2) There were no sales of unquoted investment and/or property for the current quarter and the financial year to date.

B7. QUOTED SECURITIES

- (1) There were no purchase and disposals of quoted securities by the Group for the current quarter and financial year to date.
- (2) There were no investments in quoted securities as at 31 December 2010.

B8. CORPORATE PROPOSAL

On 26 November 2010, the Company has received a Notice of Conditional Take-Over Offer from Hwang DBS Investment Bank Berhad, acting on behalf of Teoh Hwa Peng ("THP") advising the Company of the intention of THP to undertake a Conditional Take-Over Offer to acquire all the remaining shares in MESB Berhad not already owned by THP.

On 25 January 2011, the Company has announced the final closing date of the Conditional Take-Over Offer from Hwang DBS Investment Bank Berhad, acting on behalf of Teoh Hwa Peng ("THP").

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

B9. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2010 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	478	
Bill payable & Revolving credit	10,663	
Term loans	4,627	
Bank overdraft	<u>44</u>	15,812
Long Term		
Hire purchase creditors	995	
Term Loans	<u>9,306</u>	10,301
Total		<u>26,113</u>

The bank overdrafts, bills payable and term loans are secured over certain subsidiaries' properties, a subsidiary's directors' guarantee as well as fixed deposits placed on lien.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at 25 February 2011.

B11. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation as at 25 February 2011

B12. DIVIDEND

No dividend has been declared nor recommended for the current period ended 31 December 2010.

B13. EARNINGS PER SHARE

The basic earnings/(loss) 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)	(864)	1,384
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings/(loss) per share (sen)	(2.06)	3.30

B14. 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.

BY ORDER OF THE BOARD

Lim Ming Toong
Lai Chee Wah (Carine)
Company Secretaries

Kuala Lumpur
25 February 2011