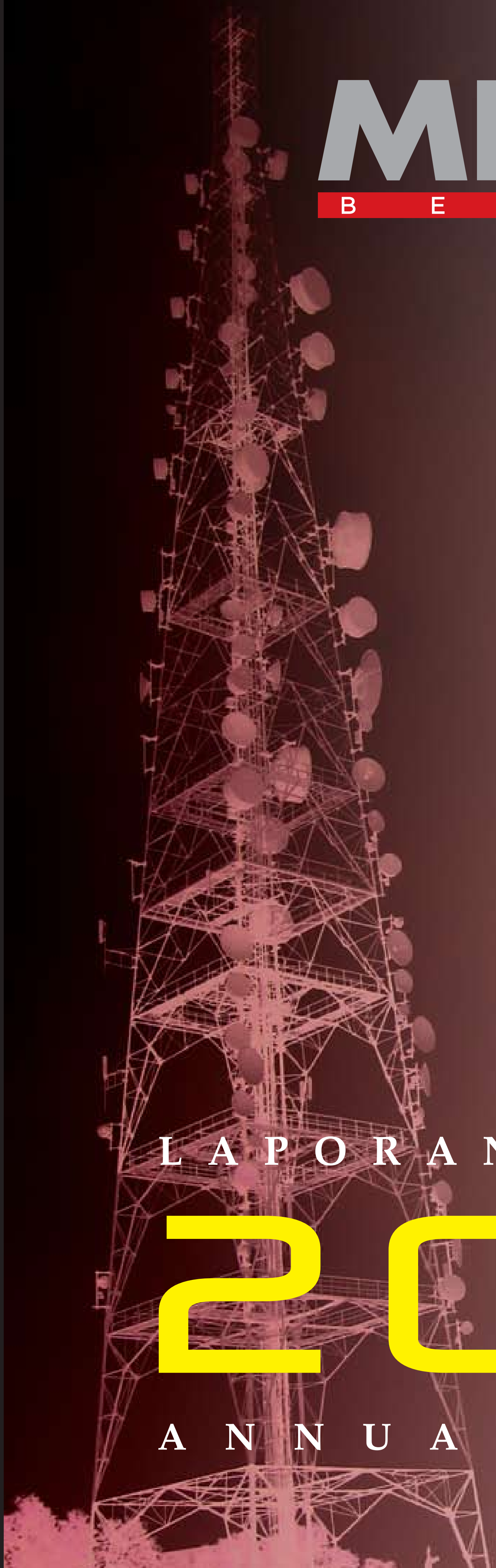
MESB BERHAD



LAPORAN TAHUNAN 2010 ANNUAL REPORT

MESB

BERHAD

(337554-D)

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Notice Of THE FIFTEENTH Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of **MESB BERHAD** will be held at Level 1, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 22 September 2010 at 10.00 a.m. for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon. — ***Please refer to Note A***

2. To re-elect the following Directors who are retiring pursuant to Article 78 of the Articles of Association of the Company:

   (i) Saffie Bin Bakar — ***Ordinary Resolution 1***
   (ii) Teoh Wah Leong — ***Ordinary Resolution 2***

3. To re-elect the following Directors who are retiring pursuant to Article 85 of the Articles of Association of the Company:

   (i) Tan Yew Kim — ***Ordinary Resolution 3***

4. To approve the payment of Directors' fees amounting to RM143,145.21 for the financial year ended 31 March 2010. — ***Ordinary Resolution 4***

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 5***

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolution:

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** — ***Ordinary Resolution 6***

   "THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.3 of the Circular to Shareholders dated 30 August 2010, provided that such arrangements and/or transactions are:

   (i) recurrent transactions of a revenue or trading nature;

   (ii) necessary for the day-to-day operations;

   (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the Related Parties than those generally available to the public; and

   (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things necessary (including such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

By Order of the Board

LIM MING TOONG (MAICSA 7000281)
LAI CHEE WAH (MAICSA 7031124)
Company Secretaries

Kuala Lumpur
30 August 2010

NOTES:

A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

6. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

7. Explanatory Notes on Special Business:

   (ii) Ordinary Resolution 7

   Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

   Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 30 August 2010 which is circulated together with the 2010 Annual Report of the Company.

Statement Accompanying
Notice Of Annual General Meeting

1. **Directors who are standing for re-election at The Fifteenth Annual General Meeting of the Company:**

    (a) The Directors retiring pursuant to Article 78 of the Articles of Association of the Company

    - (i) Saffie Bin Bakar
    - (ii) Teoh Wah Leong

    (b) The Directors retiring pursuant to Article 85 of the Articles of Association of the Company

    - (i) Tan Yew Kim

2. **Further details of Directors who are standing for re-election**

    (a) Details of the above Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 8 to 10 of this Annual Report.

    (b) The shareholdings of the above Directors who are standing for re-election are set out in the Analysis of Shareholding on page 89 of this Annual Report.

3. **Details of Attendance of Directors at Board Meetings**

    6 Board meetings were held during the financial year ended 31 March 2010. Details of the attendance of each Director are set out in the Statement on Corporate Governance appearing on page 19 of this Annual Report.

4. **Date, Time and Venue of Fifteenth Annual General Meeting of the Company**

    The Fifteenth Annual General Meeting of the Company will be held at Level 1, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

Corporate Information

DIRECTORS

Saffie Bin Bakar, JMN, SMP, AMP, PJK
(Independent Non-Executive Director)

Ng Chee Leong
(Executive Director)

Tan Yew Kim
(Independent Non-Executive Director)

Yam Kin Lum
(Independent Non-Executive Director)

Teoh Hwa Peng
(Executive Director)

Teoh Wah Leong
(Executive Director)

AUDIT COMMITTEE

Saffie Bin Bakar
(Independent Non-Executive Director / Chairman of Audit Committee)
Yam Kin Lum *(Independent Non-Executive Director)*
Tan Yew Kim *(Independent Non-Executive Director)*

AUDITORS

Crowe Horwath
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 0000
Fax : 03-2166 1000

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03-2382 4288
Fax : 03-2382 4170

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6 Symphony House
Block D13, Pusat Dagang Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8008

COMPANY SECRETARIES

Lim Ming Toong
(MAICSA 7000281)
Lai Chee Wah
(MAICSA 7031124)

PLACE WHERE REGISTER OF OPTIONS IS KEPT

No, 63, Jalan 8/146
Bandar Tasik Selatan
57000 Sg. Besi
Kuala Lumpur

PRINCIPAL BANKERS

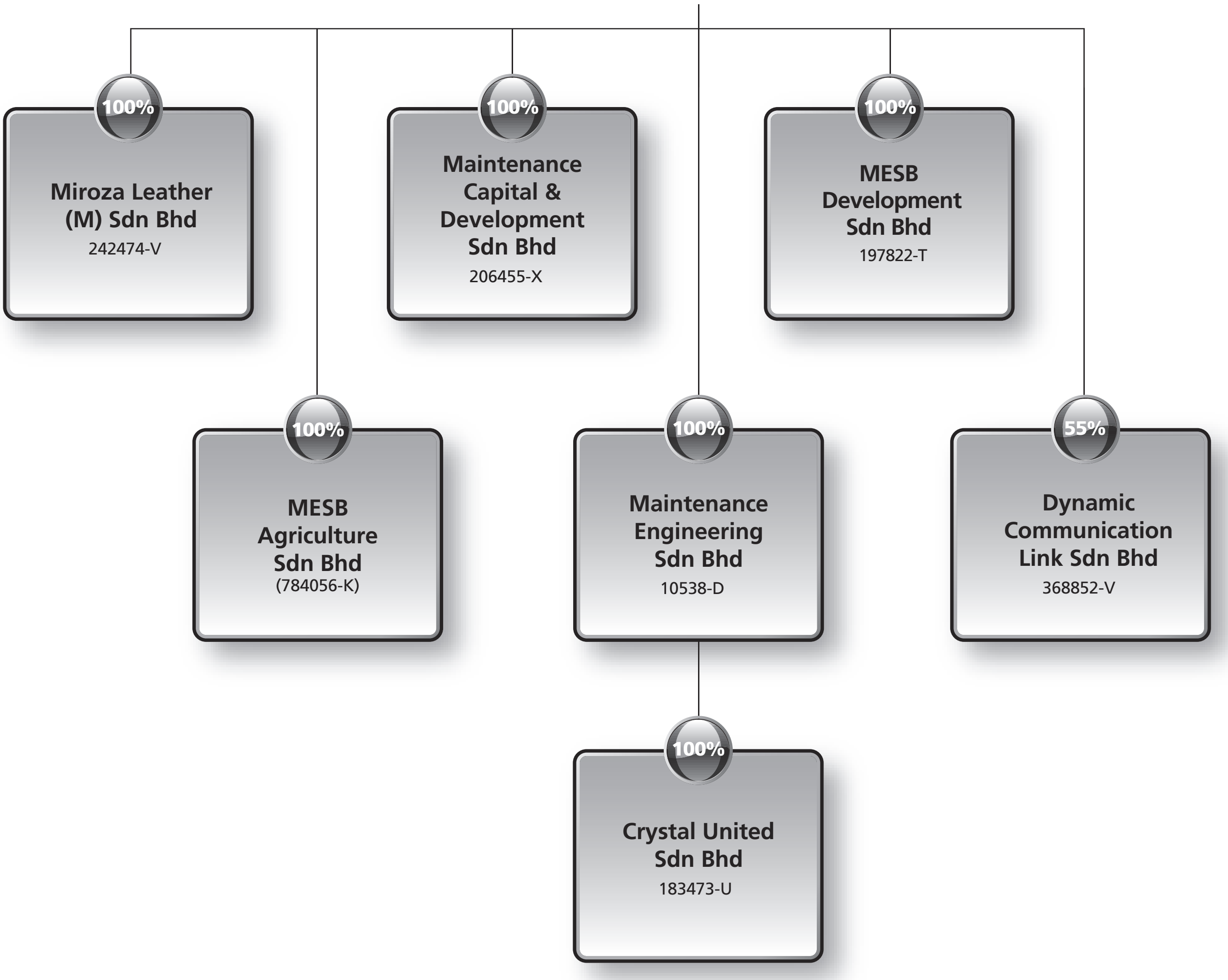
Malayan Banking Berhad
Ambank (M) Berhad
Public Bank Berhad
Malaysia Debts Venture Sdn Bhd
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING:

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 7234

MESB Group of Companies Corporate Structure

MESB
BERHAD
(337554-D)



Profile Of Directors

SAFFIE BIN BAKAR JMN, SMP, AMP, PJK | Independent Non-Executive Director

A Malaysian, aged 56, was appointed to the Board on 19 March 2004. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a B.A (Hons.) majoring in Geography in 1977 and a Postgraduate Diploma in Public Admin.(D.P.A) from the Faculty of Economics and Administration, University of Malaya in 1978. In 1988 he obtained his Masters of Business Administration (M.B.A) from the U.S International University (USIU) in San Diego, California. He is currently an Assiociate Member of Certified System Investigator (CSI) World Headquarters,Singapore. A Member of Malaysian Institute of Corporate Governance (MICG), Transparency International - Malaysia (T.I-M), Malaysia Crime Prevention Foundation (MCPF) and a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM).

He had undergone various training programmes from World Bank, UNDP, UNCTC, University of California, Berkeley, U.S.A., Catholic University of Leuven, Belgium. Between August 1978 and March 1981, he received in house training in the "State and Rural Development Project" (SRDP), which was funded by the Economic Planning Unit (EPU) and organized by UNDP and the World Bank. In addition, he became Local Counterpart to the Regional Planning Adviser, the Industrial Project Adviser and the Infrastructure Project Adviser, who are all World Bank experts.

He has had more than 32 years of management expertise especially in the areas of project planning, business development, property development, human resources management, project management ,cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPO) and Reverse Takeover (RTO). He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as Assistant State Secretary in Economic Planning ,Perlis State Secretariate. He joined Perlis State Economic Development Corporation (SEDC) in Sept.1983 as Business Development Manager until his optional retirement from Government Service in August 1994.

His directorships in other public listed companies include KBB Resources Bhd, AE Multi Holdings Berhad and YEN Global Berhad (formerly known as Sequoia Holdings Bhd). He is also a director and adviser of various private limited companies in Malaysia.

TAN YEW KIM | Independent Non-Executive Director

A Malaysian, aged 52, was appointed to the Board on 10 February 2010. He is a member of the Audit Committee and Nomination Committee .

He is a fellow member of the Chartered Association of Certified Accountants ("ACCA"), UK, an associate member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants ("MIA").

Currently, he is the senior partner of his own public accounting firm, Y.K. Tan, Lee & Associate. Before setting up his own firm, he was an audit assistant in Ivan Saphor & Co from 1982 to 1983 and Chong & Chong from 1984 to 1989.

He is an avid diver and tracker. He has traveled across 90% of the globe and has a deep understanding of the travel industry in Malaysia and Internationally.

NG CHEE LEONG Executive Director

A Malaysian, aged 46, was appointed to the Board on 27 August 2008. He is a member of the Remuneration Committee.

He has 20 years' experience in Men's fashion wear business and in consignment and retail industry. His experience is not restricted to the marketing and merchandising areas but envelop the whole business organizational and corporate development.

Presently he heads the Group's retailing division and instrumental in reorganizing the retailing division into very profitable unit.

His experience in marketing started in the early 1990's when he joined a men's fashion company marketing the "Playboy" brand of men's wear in Malaysia. Subsequently he was promoted to Marketing Manager and was headhunter to join MCL Bhd as Marketing Director in charge of some eleven brands.

In 1998,Mr Ng Chee Leong left MCL Bhd and started his own men's wear marketing company, ADTSB which he subsequently disposed with a handsome profit.

YAM KIN LUM Independent Non-Executive Director

A Malaysian, aged 62, was appointed to the Board on 24 February 2009. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He has more than 20 years of management expertise in medium to large size organization. He was engaged as the Financial Controller of Alor Setar Securities Sdn Bhd from June 1986 to June 1992 and was appointed as the Group Admin. and Finance Director of MCL Corporation Berhad, a company which was listed on the Second Board of Bursa Malaysia Securities Berhad. He joined Ike Marketing Sdn Bhd as the Chief Executive Officer from May 2003 to March 2006 and was then attached to Pecca Leather Sdn Bhd as the Group Finance Manager from October 2006 to May 2008.

From the middle of the year 1998 to 2003, he was engaged in the provision of consultancy and advisory services in areas of corporate and administrative restructuring, grooming of small and medium enterprises for growth in business and listing in the exchange, providing services in negotiations of purchase or sale of businesses and preparation of business write-up for specified purposes.

TEOH HWA PENG — Executive Director

TEOH HWA PENG, a Malaysian aged 43, was appointed to the Board on 22 June 2006.

He started his career in the leather industry more than 20 years ago by setting up a factory in the 1980's in manufacturing leather for third party brands in Malaysia and overseas. Following the success of this factory and generally accredited as a manufacturer of high quality goods, he went on to set up Miroza Leather (M) Sdn Bhd ("MLSB") in 1992. MLSB manufactures and markets internationally renowned brands under exclusive licensing such as Pierre Cardin, Pierre Balmain, Alain Delon and MLSB also develops and markets its own house brand "Giossardi".

Years of experience have honed his knowledge of leather and its properties, and his entrepreneurial skills have enabled him to strengthen the existing business in leather accessories both in Malaysia and overseas such as Thailand, Vietnam, Indonesia and China. Under his leadership and guidance, MLSB has emerged as a market leader in the retail industry.

He spearheads the Group's growth and he is responsible for formulating and implementation of the the strategics goals and objectives of the Group.

TEOH WAH LEONG — Executive Director

A Malaysian, aged 39, was appointed to the Board on 24 November 2006.

He received his early education in Arau, Perlis followed by secondary education in Alor Setar, Kedah. Thereafter he studied Law in University Malaya and was called to the bar in 1996.

After a stint in CK Lee & Associates he joined MLSB as Legal Advisor and General Manager. In his time there, he actively directed MLSB's core business from contract manufacturing for other brands to developing MLSB's own brands and marketing networks. In addition, he staunchly supported the acquiring of the licenses to manufacture and market international brands such as Pierre Cardin and Alain Delon.

He also formulated and structured all contracts and agreements on behalf of MLSB. Subsequently, he was transferred to Roncato Sdn Bhd ("Roncato") in 2000, a tourist oriented specialty shop to stabilize the business in the face of the Asian SARS crisis. He also streamlined the operations and management of Roncato and further strengthened Roncato's market position and competitiveness.

Following his success in Roncato, he turned his attentions to MRZ Car Seat Sdn Bhd ("MRZ Car Seat"), a company that specializes in the fitting of automotive leather seat covers for the domestic aftermarket.

With the Malaysian automotive leather seat cover aftermarket well in hand, he then focused on Pecca Leather Sdn Bhd ("Pecca Leather"). He helped to secure several contracts with the Malaysian OEMs (Original Equipment Manufacturer) and expanded into the export market. Pecca Leather currently operates in the USA with offices in Los Angeles and Tennessee and is also active in Europe, Middle East and Singapore.

Within the diverse range of his experience, his strengths lies in management, setting up teams, marketing and establishing and focusing company direction.

Notes to the Directors' Profile:

1. **Family Relationship**

   Mr Teoh Wah Leong is brother to Mr Teoh Hwa Peng. Mr Teoh Hwa Peng is also a substantial shareholder of the Company.

   The other Directors do not have any family relationship with any Directors and/or major shareholders of the Company.

2. **Conviction of Offences**

   None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

3. **Conflict of Interest**

   Save for what is disclosed under Additional Compliance Information (Related Party Transaction) on page 26 of this Annual Report and the Circular to Shareholders dated 30 August 2010, which is dispatched together with this Annual Report, all the Directors have no conflict of interest with the Company and its subsidiaries.

4. **Attendance at Board Meetings**

   The details of attendance of the Directors at the Board Meetings are set out on page 19 of this Annual Report.

5. **Directors' Shareholdings**

   The details of Directors' interest in Securities of the Company are set out in the Analysis of Shareholdings on page 90 of this Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of MESB Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2010.

COMPOSITION AND MEETINGS

As at the date of this Annual Report, the Audit Committee comprises three (3) Directors as follows:

Chairman

Saffie Bin Bakar - Independent Non-Executive Director

Members

Yam Kin Lum - Independent Non-Executive Director
Tan Yew Kim - Independent Non-Executive Director

During the financial year ended 31 March 2010, the Audit Committee met five (5) times. The attendance of the members of the Audit Committee is set out below

	No. of meeting attended
Chairman	
Saffie Bin Bakar *(Independent Non-Executive Director)*	5/5
Members	
Yam Kin Lum *(Independent Non-Executive Director)*	5/5
Tan Yew Kim *(Independent Non-Executive Director)* *(Appointed on 10/02/2010)*	NA
Wong Tuck Song *(Non-Independent Non Executive Director)* *(Resigned on 10/02/2010)*	3/5

Senior Management staff and the external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. The agenda of the meetings and relevant information are distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

TERMS OF REFERENCE

Composition

(1) The Audit Committee shall be appointed from amongst the Board and shall:

(a) comprise no fewer than three (3) members who are Non-Executive Directors and a majority of whom are Independent Directors;

TERMS OF REFERENCE (cont'd)

Composition (cont'd)

(1) The Audit Committee shall be appointed from amongst the Board and shall: (con'd)

(b) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;

(i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

(2) No alternate Director shall be appointed as a member of the Audit Committee.

(3) The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director.

(4) In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

(5) The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Rights

In carrying out its duties and responsibilities, the Audit Committee shall:

(1) have authority to investigate any matter of the Company and the Group within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information, records and properties pertaining to the Group and all employees of the Group. All employees are required to assist and co-operate with any request made by the Committee;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit;

(5) have the right to obtain legal or independent professional or other advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;

(6) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

(7) promptly report to the Bursa Malaysia Securities Berhad, or such other name(s) as may be adopted by Bursa Malaysia Securities Berhad, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad;

TERMS OF REFERENCE (cont'd)

Rights (cont'd)

(8) have the right to pass resolutions by a simple majority vote from the Audit Committee and that the Chairman shall have the casting vote should a tie arise;

(9) meet as and when required on a reasonable notice; and

(10) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

Duties

(1) To review with the external auditors on:

- (a) the audit plan, its scope and nature;
- (b) the audit report;
- (c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- (d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(2) To ensure coordination of audits where more than one audit firm is involved.

(3) To review the adequacy of the scope, functions, competency and resources of the internal audit function and the system of internal controls within the Group.

(4) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- (a) changes in or implementation of major accounting policy and practices;
- (b) significant and / or unusual matters arising from the audit;
- (c) the going concern assumption;
- (d) compliance with accounting standards and other legal requirements; and other major areas.

(5) To do the following in respect of the internal audit function:

- (a) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work;
- (b) review the internal audit plan and monitor its implementation;
- (c) ensure the coordination of external audit with internal audit;
- (d) review the results of the internal audit activity and investigations and Management's responses, and ensure that appropriate action is taken on the recommendations of the internal audit function; and
- (e) consider the appointment and termination of the outsourced internal audit function and make an assessment of its performance.

TERMS OF REFERENCE (cont'd)

Duties (cont'd)

(6) To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(7) To review the reports of the Management Committee in relation to the adequacy and integrity of the Group's corporate governance, risk management and internal control systems;

(8) To consider the major findings of internal investigations and Management's response;

(9) To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board of Directors.

(10) To carry out other duties and responsibilities as may be agreed by the Audit Committee and the Board from time to time.

Meetings

(1) The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of Committee Members present at the meeting shall be Independent Directors.

(2) The Audit Committee may call for a meeting as and when required with reasonable notice as the Committee Members may deem fit.

(3) In addition to Audit Committee Members, the Executive Directors, senior management staff and the internal and external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. Other employees also attended the meetings upon the invitation of the Audit Committee.

(4) The Chairman shall, upon the request of the external auditors, convene a meeting for the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

(5) The internal and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

(6) The Audit Committee may establish any other regulations or procedures from time to time to govern its affairs and administration.

Secretary

(1) The Company Secretary shall act as the Secretary to the Audit Committee.

(2) The Company Secretary shall be responsible for the co-ordination of the administrative details, including the calling of meetings, the voting and proceedings of meetings and the keeping of minutes.

TERMS OF REFERENCE (cont'd)

Minutes

(1) The Audit Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee.

(2) The minutes of each meeting shall be distributed to all members of the Audit Committee. These minutes shall also be made available to all members of the Board. The Chairman of the Audit Committee shall report on significant matters and resolutions determined at any Audit Committee meeting to the Board at the next Board meeting.

SUMMARY OF ACTIVITIES

During the financial year under review, the following activities were undertaken by the Audit Committee, including the deliberation on and review of:

(i) the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval.

(ii) the annual audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.

(iii) the related party transactions to ensure that the transaction are fair and reasonable to, and are not detrimental to the interests of minority shareholders.

(iv) the risk-based annual audit plan presented by the internal auditors to ensure adequate scope and coverage of the activities of the Group.

(v) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of the annual audit.

(vi) the external auditors' report in relation to audit and accounting issues arising from the audit; matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.

(vii) the internal audit reports, audit recommendations and implementation status of the recommendations.

(viii) the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval.

(ix) the Audit Committee Report and Statement on Internal Control for compliance with the Malaysian Code on Corporate Governance before recommending to the Board of Directors for approval.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external professional firm, which reports directly to the Audit Committee and assists the Board of Directors in monitoring the risks and reviewing the internal controls system to ensure sound internal control system as established and continue to function effectively and satisfactorily within the Group, after taking into consideration of the practicability of such control mechanism.

During the financial year under review, the audit fees and field work expenses incurred for the internal audit function were RM21,000.

During the year, internal audits carried out its audit duties, covering retailing business audit, system audit, operational and financial audit for reporting the Committee and execution of the approved internal audit plan.

STATEMENT ON EMPLOYEE SHARE OPTION SCHEME

The Company's employees share option scheme known as MESB Berhad Employees' Share Option Scheme No. 2 ("Scheme") was implemented on 14 December 2004.

The Audit Committee hereby confirms that during the financial year under review, there were no options granted to the eligible employees of the Group pursuant to the Scheme and the share option expired on 13 December 2009.

Statement On Corporate Governance

The Board of Directors ("the Board") is committed to ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

Set out below is a statement of how the Group has applied the principles and complied with the best practices outlined in the Malaysian Code on Corporate Governance ("Code") and Paragraph 15.25 in the Bursa Securities Berhad Listing Requirements for the Main Market.

DIRECTORS

The Board

The Group is led by an effective and experienced Board with members from different industry backgrounds possessing a wide range of expertise. The experience and competence of each director which give added strength to the leadership in managing and directing the Group's operation.

The Board has overall responsibility for putting in place a framework of good corporate governance in the Group which include the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

Board Balance

As at the date of this Annual Report, the Board consists of 6 Directors of whom 3 are Independent Non-Executive Directors and 3 Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction of the Group. The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operation and developing the Group's business strategies. The role of the independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board.

There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

DIRECTORS (cont'd)

Board Meetings

The Board conduct at least four regularly scheduled meeting annually, with additional meetings held as and when necessary. During financial year, the Board met 6 times .The details of attendance of the Board members are as follows:-

Name of Director	Designation	No. of Meetings Attended
Saffie Bin Bakar	Independent Non-Executive Director	6/6
Yam Kin Lum	Independent Non-Executive Director	6/6
Ng Chee Leong	Executive Director	6/6
Teoh Hwa Peng	Executive Director	6/6
Teoh Wah Leong	Executive Director	6/6
Wong Tuck Song *(Resigned on 10 February 2010)*	Independent Non-Executive Director	3/6
Y.M. Dato' Paduka Sharipah Hishmah Binti Sayed Hassan *(Resigned on 4 January 2010)*	Executive Chairman	5/6
Tan Yew Kim *(Appointed on 10 February 2010)*	Independent Non-Executive Director	Not Applicable

Supply of Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of its duties. The Company Secretary ensures that all Board Meetings are furnished with proper agendas. Board papers are circulated to directors in advance of Board meetings to ensure Directors are well informed and able to obtain further clarification from the Company Secretary as when they arise. Whenever necessary, senior Management staff will be invited to attend to brief and assist the Directors clear any doubt or concern.

Generally, the Board papers include minutes of the previous meeting, quarterly and annual financial statements, corporate development, recurrent related party transaction, acquisition and disposal proposals, updates from Bursa Securities, list of directors' resolutions passed and report the directors' dealings in securities, if any.

All Directors have access to the advice and services of the Company Secretary.

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expenses.

DIRECTORS (cont'd)

Appointments and Re-election of Directors

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee for consideration and approval by the Board.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and that all Directors shall retire once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is no Director of the Company who is subject to such re-appointment.

Directors Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Board of Directors are encouraged to evaluate their own training needs on a regular basis and its determine the relevant programmes, seminar or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.

The Board of Directors were constantly updated by the Company Secretary during the Board meeting on various updates on regulatory and legal development, with intention of keeping the Director abreast with the regulatory and legal related developments

During the year, some of the workshop and programmes attended were Technical Briefing on New Regulatory Framework and The Main Market Listing Requirements, SSM Corporate Director Training Programme, Agribusiness Marketing, Achieving New Heights in Corporate Enforcement : The SSM's Balanced Enforcement Approach, Corporate Responsibility Practices in the Context of Market Place and Malaysia 2nd. National Solar Photovoltaic (PV) Conference.

Teoh Hwa Peng, Ng Chee Leong, Yam Kin Lum, Tan Yew Kim and Teoh Wah Leong were not able to attend any Directors training during the financial year ended 31 March 2010 due to the timing and suitability of training programme.

Board Committees

As at the date of this Annual Report, the Board has established the following three (3) principal Board Committees to assist the Board in the discharge of its duties effectively:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. Nevertheless, the ultimate responsibility for the final decision on such matters lies with the Board.

DIRECTORS (cont'd)

(a) Audit Committee

The Board has established the Audit Committee to assist the Board in discharging its duties. The Audit Committee works closely with the external and internal auditors and maintain a transparent professional relationship with them.

The report if the Audit Committee is set out on pages 12 to 17 of this Annual Report.

(b) Nomination Committee

As at the date of this Annual Report, the Nomination Committee has two (2) members and comprises exclusively of Independent Non-Executive Directors:

Saffie Bin Bakar - Chairman, Independent Non-Executive Director
Yam Kin Lum - Member, Independent Non-Executive Director

The Nomination Committee assesses and makes recommendations to the Board for any appointments to the Board and Board Committees. In making these recommendations, the Nomination Committee reviews the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board.

(c) Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee has three (3) members and comprises majority of Non-Executive Directors:

Saffie Bin Bakar- Chairman, Independent Non-Executive Director
Yam Kin Lum - Member, Independent Non-Executive Director
Ng Chee Leong - Member, Executive Director

The Remuneration Committee recommends to the Board the policy framework of executive remuneration and its cost, and the remuneration package for each executive Director. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

Directors' Remuneration

The remuneration package are structured according to the skills , experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge experience.

The Company has adopted the objective as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

DIRECTORS (cont'd)

Directors' Remuneration

During the financial year end, the Aggregate remuneration of Directors are categorised as follows :-

(a) Total Remuneration

Category	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	103	671	18	792
Non-Executive Directors	86	17	-	103
Grand Total	189	688	18	895

(b) Directors' remuneration by bands:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	-	-

RELATIONSHIP WITH SHAREHOLDERS

Dialogue between the Company and Investors

The Group values dialogue with investors. Shareholders are kept well-informed of developments within and the performance of the Group through disclosures to the Bursa Securities and the press as well as the Annual Report. The Annual Report contains all the necessary disclosures and other relevant information about the Group so that the shareholders can obtain a good understanding about the Group and its operations. Shareholders are also provided with timely information through circulars regarding any corporate developments that may impact shareholder value.

The Group has established its website, www.mesbbhd.com from which shareholders can access, provides all publicity announced financial information, corporate announcement and news.

Annual General Meeting

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive Directors and, where appropriate, the Chairman of the Audit, Nomination and Remuneration Committees are available to respond to shareholders' questions during the meeting. Where appropriate, the Board of Directors may provide the questioner with a written answer to any significant question that cannot be readily answered on the spot.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have taken measures to ensure that the Group and the Company keep accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have taken such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Internal Control

The Statement on Internal Control set out on page 24.

Relationship with the External Auditors

The Board maintains a formal and transparent relationship with the Auditors through its Audit Committee. The role of the Audit Committee in relation to the external auditors is described on pages 12 to 17.

Statement On Internal Control

Introduction

Pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") of **MESB Berhad** is pleased to present its Statement of Internal Control for financial year ended 31st March 2010 which has been prepared in accordance with the statement on Internal Control: Guidance for Directors of Public Listed Companies.

Responsibility

The Board acknowledges its overall responsibility for the Group's system of internal control, which includes the continuous review of its adequacy and integrity to ensure that the Group's assets and shareholders' interest are safeguarded.

However, the Board recognises that such a system of internal control has its inherent limitations. It is designed to manage rather than to eliminate risks that may hinder the achievement of the Group's corporate and business objectives. Consequently, the system can only provide a reasonable rather than absolute assurance against material misstatement or loss.

Risk Management

On a day-to-day basis, respective heads of department are responsible for ongoing process of identifying, evaluating and managing risks of their departments. Significant risks identified and the corresponding implementation of internal controls are discussed at periodic senior management meetings attended by the Executive Director and heads of department. The results of the discussions are tabled at the Board scheduled meetings to ensure relevant decisions and actions in maintaining the level of risk at an acceptable level.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm which reports directly to Audit Committee. Internal auditors are required to table their Internal Audit Planning Memorandum to the Audit Committee for review and approval to ensure adequate coverage.

The internal auditors adopt a risk-based approach in conducting audit procedures and assessing the effectiveness, adequacy and integrity of the internal control system on a periodic basis in line with the approved audit plan. Follow-up reviews are also conducted to ensure that the recommendations for improvement highlighted previously have been, or are being implemented by the management.

Other key elements of internal control

Other key elements of internal control include:

- the Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by the internal auditors on the state of the internal control system and reports to the Board.
- the Audit Committee and the Board review the Group's performance and financial results regularly.
- senior management meetings are held periodically to deliberate and discuss on operational issues.
- defined organisational structure with clear line of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- significant policies and procedures are adopted by key business processes / units to ensure accountabilities and controls.

Conclusion

The Board continues to take measures to strengthen the controls environment and framework. During the financial year, there were no major weaknesses in internal controls which resulted in material losses, contingencies or uncertainties.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercises during the financial year ended 31 March 2010.

2. SHARE BUY-BACKS

During the financial year ended 31 March 2010, the Company did not have a scheme to buy back its own shares.

3. OPTION, WARRANTS OR CONVERTIBLE SECURITIES

The Company had on 14 December 2004 implemented an employee share option scheme known as MESB Berhad Employees' Share Option Scheme No. 2 ("Scheme") and the share option expired on 13 December 2009 during the financial year.

The Company did not issue any warrants or convertible securities during the financial year under review.

4. AMERICAN DEPOSITORY RECEIPTS ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year ended 31 March 2010, the Company did not sponsor any ADR or GDR programme.

5. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year ended 31 March 2010.

6. NON-AUDIT FEES

During the financial year under review, there was RM18,900 of non-audit fees paid to the external auditors as reporting Accountant for disposal of ADTSB.

7. VARIATION IN RESULTS FOR THE FINANCIAL YEAR

There were no variances of 10% or more between the unaudited profit attributable to ordinary equity holders for the financial year ended 31 March 2010 previously announced on 26 May 2010, compared to the audited profit attributable to ordinary equity holders for the financial year ended 31 March 2010.

8. PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 March 2010.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Other than the recurrent related party transactions of a revenue or trading nature as disclosed in paragraph 11 below and save as disclosed in the section under related party disclosures set out in Note 43 of the financial statements on pages 82 to 83 of this Annual Report, there were no other material contracts entered into by the Company and/or it subsidiary companies which involved Directors' and major shareholders' interests, either still subsisting at the end of previous financial year or which were entered into since the end of the previous financial year.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a revaluation policy on landed properties.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

The Company obtained the shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transaction of a revenue and trading nature ("RRPT") in their ordinary course of business at the Annual General Meeting held on 22 September 2010.

The Company will be seeking for shareholders' approval for the renewal of the shareholders' mandate for the existing RRPT at the forthcoming Annual General Meeting of the Company to be held on 22 September 2010.

Details of the RRPT in the normal course of business of MESB Group made during the financial year ended 31 March 2010 are as follows:

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	Aggregate value from 1 April 2009 to 31 March 2010 (RM'000)	Related Parties
MX Too Sdn Bhd	Miroza Leather (M) Sdn Bhd ("Miroza")	Royalty payments on Alain Delon licence to MX Too Sdn Bhd ("MX Too")	644	• Teoh Hwa Peng is a director of Miroza and Major Shareholder of MESB. • Teoh Hwa Peng is a director and shareholder of MX Too • Teoh Hwa Peng's spouse, Tan Sok Kim, is a director and shareholder of MX Too
Roncato Sdn Bhd	Miroza	On-going contracts for the sale of designated products from Miroza to Roncato Sdn Bhd ("Roncato")	1,916	• Teoh Hwa Peng is a director of Miroza and Major Shareholder of MESB. • Teoh Hwa Peng is a director and shareholder of Roncato • Teoh Hwa Peng's spouse, Tan Sok Gim, is a director and shareholder of Roncato
MRZ Car Seat Sdn Bhd	Miroza	Rental of office	50	Teoh Hwa Peng's brother, Teoh Hwa Leong and mother Tan Siew Eng are directors and shareholders of MRZ Car Seat Sdn Bhd

The Board of Directors of MESB Berhad is pleased to present the Annual Report and the audited financial statements of the Company and the Group for the financial year ended 31 March 2010.

FINANCIAL PERFORMANCE

The Group achieved pre-tax profit of RM4.18million for the year ended 31 March 2010, a growth of 55% compared to the previous 15 months financial period ended 31 March 2009(2010:RM4.18million, 2009:RM3.36million), which translates into an annualised amount of RM2.69million.

For the year ended 31 March 2010, the Group posted revenue of RM92.05million, a decline of 10.5% compared with the annualised revenue of RM102.86million for the previous 15 months financial period ended 31 March 2009 (2010 RM92.05million, 2009: RM128.58million).

DIVIDENDS

No dividend has been declared for the financial year ended 31 March 2010.

PROSPECTS

The Group is expected to remain challenging as results of the continued global economic crisis negatively impacted the Group's core business activities, slow down of the progress of on-going projects, challenge in securing new projects and lower consumer spending ahead. However, the Group will continue to explore new and proven profitable business ventures and projects that can contribute positively to the Group's performance and cash flow.

We are confident that the experience we have had accumulated and groundwork laid over the years, will steer us towards satisfactory performance.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Whilst we pursue our business interests, we acknowledge our responsibility in no less degree to our employees, business partners and the communities in which we carry out our business activities, as well as to the environment we operate in.

In keeping with the Group's responsibility to give back to society, the Group continuously supports the community through participating in various community events and donate fund to charitable causes and social welfare.

The Group remains committed to maintaining the standards of occupational safety and health awareness programs for our employees and contractors.

In an effort to preserve the green environment, the Group's employees are encouraged to minimize the impact of carbon footprint on environment through our work ethics. In particular, areas such as improved energy conservation, recycling used papers and waste reduction.

BOARD CHANGES

There were several changes in MESB Berhad's Board composition with Y.M. Dato' Paduka Sharipah Hishmah Binti Sayed Hassan resigning as Executive Chairman, and Mr. Wong Tuck Song resigning as Non-Independent Non-Executive Director.

The Board and Management would like to record its appreciation to them for all their invaluable contributions to the Group and wish them well in their future undertakings.

The Board and Management would also like to welcome Mr. Tan Yew Kim as an Independent Non-Executive Director of MESB Berhad. With his wealth of knowledge and experience, the Board looks forward to his active contribution in moving forward.

ACKNOWLEDGEMENT

MESB Berhad weathered through the turbulence of financial year ended 31 March 2010 through the strength and support of all our stakeholders.

We wish to express our heartfelt gratitude and appreciation all those who have been instrumental in helping MESB Berhad Group to cope with the difficult conditions; our staff for their unwavering dedication, sacrifices and commitment throughout the year.

Our appreciation and thanks also go to our valued customers, business associates, bankers and the authorities for their continued support and confidence in us.

Lastly, we would like to thank our loyal shareholders for their continued trust and faith in MESB Berhad. With the support of all our stakeholders, MESB Berhad will endeavour to deliver its best in the years ahead.

Sincerely,
The Board of Directors

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) attributable to equity holders of the Company	792	(1,158)

DIVIDENDS

No dividend was declared or paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Pursuant to the ESOS implemented on 14 December 2004, the movements in the options to subscribe for new ordinary shares of RM1.00 each at an exercise price of RM1.00 per share during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1.00 Each Granted Under Option
At 1 April 2009	2,247,000
Cancellation due to staff resignations	(174,000)
Expiry of share option	(2,073,000)
At 31 March 2010	-

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The ESOS is to be in force for a period of 5 years effective from 14 December 2004. The ESOS expired during the financial year.

The salient features of the ESOS were as follows:-

(i) the total number of shares which have been offered plus that to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at the time of offer;

(ii) the eligible employees are those who served in the employment of any company in the Group and have attained the age of eighteen years;

(iii) ESOS shall be determined at the discretion of the ESOS Committee subject to the maximum allowable allocation according to their respective categories;

(iv) the price of the options shall be at a discount of not more than 10% from the weighted average market price of the Company's shares for the five market days immediately preceding the date of offer or at the par value of the ordinary shares, whichever is higher;

(v) the ESOS is in force for a maximum period of five years commencing 14 December 2004, the date on which the last approval from the relevant authorities was obtained; and

(vi) the options are not subject to any retention period.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Company are disclosed in Note 45 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

TEOH HWA PENG
SAFFIE BIN BAKAR
TEOH WAH LEONG
NG CHEE LEONG
YAM KIN LUM
TAN YEW KIM *(APPOINTED ON 10.2.2010)*
WONG TUCK SONG *(RESIGNED ON 10.2.2010)*
Y.M. DATO' PADUKA SHARIPAH HISHMAH BINTI SAYED HASSAN *(RESIGNED ON 4.1.2010)*

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of Rm1 Each			
	At 1.4.2009	**Bought**	**Sold**	**At 31.3.2010**
THE COMPANY				
DIRECT INTERESTS				
TEOH HWA PENG	12,274,099	-	-	12,274,099
NG CHEE LEONG	335,000	-	-	335,000
DEEMED INTEREST				
TEOH HWA PENG *	701,000	-	-	701,000

* *Deemed interest through spouse's shareholdings by virtue of Section 134(12)(C) of the Companies Act 1965 in Malaysia.*

By virtue of his interest in shares in the Company, Teoh Hwa Peng is deemed to have an interest in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year did not have any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the share options granted pursuant to the ESOS.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 47 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 29 JULY 2010

Teoh Hwa Peng

Ng Chee Leong

Statement By Directors

We, **Teoh Hwa Peng** and **Ng Chee Leong**, being two of the directors of **MESB Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 37 to 86 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2010 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 29 JULY 2010

Teoh Hwa Peng

Ng Chee Leong

Statutory Declaration

I, **Teoh Hwa Peng**, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of **MESB Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 37 to 86 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Hwa Peng, I/C No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory
on this 29 July 2010

Teoh Hwa Peng

Before me
Datin Hajah Raihela Wanchik
No. W - 275
Commissioner for Oaths

Independent Auditors' Report To The Members Of MESB Berhad

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 86.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Chartered Accountant

Kuala Lumpur

29 July 2010

Balance Sheet
at 31 March 2010

	NOTE	The Group 31.3.2010 RM'000	The Group 31.3.2009 RM'000	The Company 31.3.2010 RM'000	The Company 31.3.2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	59,589	59,589
Investment in an associate	7	2,586	2,273	660	660
Property, plant and equipment	8	27,167	28,880	-	2
Prepaid land lease payments	9	2,180	2,537	-	-
Other investments	10	40	60	40	40
Intangible asset	11	28	34	-	-
Other assets	12	3,549	3,941	-	-
Goodwill on consolidation	13	24,668	24,616	-	-
		60,218	62,341	60,289	60,291
CURRENT ASSETS					
Inventories	14	10,423	21,422	-	-
Amount owing by contract customers	15	499	633	-	-
Trade receivables	16	16,676	21,133	-	-
Other receivables, deposits and prepayments	17	3,605	4,755	102	117
Amount owing by subsidiaries	18	-	-	788	2,464
Tax recoverable		288	439	-	-
Fixed deposits with licensed banks	19	4,932	11,433	-	-
Cash and bank balances		4,971	5,401	1	1
		41,394	65,216	891	2,582
TOTAL ASSETS		101,612	127,557	61,180	62,873
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	42,000	42,000	42,000	42,000
Share premium	21	5	5	5	5
Capital reserve	22	37	37	37	37
Retained profits	23	2,587	1,795	7,788	8,946
SHAREHOLDERS' EQUITY		44,629	43,837	49,830	50,988
MINORITY INTERESTS		2,267	3,870	-	-
TOTAL EQUITY		46,896	47,707	49,830	50,988

The annexed notes form an integral part of these financial statements.

	NOTE	The Group 31.3.2010 RM'000	The Group 31.3.2009 RM'000	The Company 31.3.2010 RM'000	The Company 31.3.2009 RM'000
NON-CURRENT LIABILITIES					
Hire purchase payables	24	1,037	462	-	-
Term loans	25	13,911	19,259	-	-
Deferred tax liabilities	26	601	207	-	-
		15,549	19,928	-	-
CURRENT LIABILITIES					
Amount owing to contract customers	15	5,673	3,934	-	-
Trade payables	27	8,171	19,417	-	-
Other payables and accruals	28	6,971	5,739	379	489
Amount owing to a subsidiary	18	-	-	5,495	5,020
Amount owing to a director	29	5,476	6,376	5,476	6,376
Provision for taxation		28	565	-	-
Hire purchase payables	24	465	439	-	-
Term loans	25	4,576	5,297	-	-
Bankers' acceptances	30	7,396	15,881	-	-
Bank overdrafts	31	411	2,274	-	-
		39,167	59,922	11,350	11,885
TOTAL LIABILITIES		54,716	79,850	11,350	11,885
TOTAL EQUITY AND LIABILITIES		101,612	127,557	61,180	62,873
NET ASSETS PER SHARE (RM)	32	1.06	1.04		

The annexed notes form an integral part of these financial statements.

Income Statements
for the Financial Year ended 31 March 2010

		The Group		The Company	
	NOTE	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
REVENUE	33	92,046	128,562	-	-
COST OF SALES	34	(37,999)	(57,845)	-	-
GROSS PROFIT		54,047	70,717	-	-
OTHER INCOME		983	1,342	-	-
		55,030	72,059	-	-
SELLING AND DISTRIBUTION EXPENSES		(27,127)	(36,041)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(21,547)	(29,891)	(974)	(1,196)
FINANCE COSTS		(2,492)	(3,927)	(184)	(230)
SHARE OF PROFIT IN AN ASSOCIATE		313	1,158	-	-
PROFIT/(LOSS) BEFORE TAXATION	35	4,177	3,358	(1,158)	(1,426)
INCOME TAX EXPENSE	36	(2,144)	(1,892)	-	242
PROFIT/(LOSS) AFTER TAXATION		2,033	1,466	(1,158)	(1,184)
ATTRIBUTABLE TO:					
Equity holders of the Company		792	198	(1,158)	(1,184)
Minority interests		1,241	1,268	-	-
		2,033	1,466	(1,158)	(1,184)
Earnings/(Loss) Per Share					
- Basic	3	1.88 sen	0.47 sen		
- Diluted	37	Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

Statement Of Changes In Equity
for the Financial Year ended 31 March 2010

The Group	← Attributable To Equity Holders Of The Company → Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1.1.2008	42,000	5	37	1,597	43,639	2,790	46,429
Subscription for shares in subsidiaries	-	-	-	-	-	280	280
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	(280)	(280)
Disposal of a subsidiary	-	-	-	-	-	(188)	(188)
Profit after taxation for the financial period	-	-	-	198	198	1,268	1,466
Balance at 31.3.2009/ 1.4.2009	42,000	5	37	1,795	43,837	3,870	47,707
Disposal of a subsidiary	-	-	-	-	-	(2,844)	(2,844)
Profit after taxation for the financial year	-	-	-	792	792	1,241	2,033
Balance at 31.3.2010	42,000	5	37	2,587	44,629	2,267	46,896
The Company							
Balance at 1.1.2008	42,000	5	37	10,130	52,172	-	52,172
Loss after taxation for the financial period	-	-	-	(1,184)	(1,184)	-	(1,184)
Balance at 31.03.09/ 1.4.2009	42,000	5	37	8,946	50,988	-	50,988
Loss after taxation for the financial year	-	-	-	(1,158)	(1,158)	-	(1,158)
Balance at 31.3.2010	42,000	5	37	7,788	49,830	-	49,830

The annexed notes form an integral part of these financial statements.

Cash Flow Statements
for the Financial Year ended 31 March 2010

	NOTE	The Group 1.4.2009 to 31.3.2010 RM'000	The Group 1.1.2008 to 31.3.2009 RM'000	The Company 1.4.2009 to 31.3.2010 RM'000	The Company 1.1.2008 to 31.3.2009 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		4,177	3,358	(1,158)	(1,426)
Adjustments for:-					
Allowance for doubtful debts		835	13	-	-
Allowance for/(Write-back of) foreseeable losses		64	(694)	-	-
Amortisation of intangible asset		6	8	-	-
Amortisation of other investments		-	1	-	-
Amortisation of prepaid land lease payments		30	38	-	-
Bad debts written off		-	2	-	-
Depreciation of property, plant and equipment		2,778	3,703	-	1
Equipment written off		522	614	2	-
Interest expense		2,492	3,927	184	230
Loss on disposal of a subsidiary		215	190	-	-
Gain on disposal of equipment		(453)	(243)	-	-
Interest income		(260)	(458)	-	-
Share of profit in an associate		(313)	(1,158)	-	-
Write-back of inventories written down		(7)	(81)	-	-
Operating profit/(loss) before working capital changes		10,086	9,220	(972)	(1,195)
Increase in inventories		(4,114)	(2,151)	-	-
Decrease/(Increase) in trade and other receivables		89	3,777	15	(16)
(Decrease)/Increase in trade and other payables		(6,322)	3,435	(110)	325
Net decrease in amount owing by contract customers		1,809	4,652	-	-
CASH FROM/(FOR) OPERATIONS		1,548	18,933	(1,067)	(886)
Income tax (paid)/refunded		(1,375)	(425)	-	430
Interest paid		(2,492)	(3,927)	(184)	(230)
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		(2,319)	14,581	(1,251)	(686)

The annexed notes form an integral part of these financial statements.

	NOTE	The Group 1.4.2009 to 31.3.2010 RM'000	The Group 1.1.2008 to 31.3.2009 RM'000	The Company 1.4.2009 to 31.3.2010 RM'000	The Company 1.1.2008 to 31.3.2009 RM'000
BALANCE BROUGHT FORWARD		(2,319)	14,581	(1,251)	(686)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Cash inflow from disposal of a subsidiary	38	6,767	14	-	-
Purchase of other investments		-	(40)	-	(40)
Proceeds from disposal of plant and equipment		497	341	-	-
Purchase of property, plant and equipment	39	(3,307)	(3,803)	-	-
Interest received		260	458	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		4,217	(3,030)	-	(40)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares to minority interests		-	280	-	-
Redemption of Istisna' Medium Term Notes		-	(10,000)	-	-
Repayment to a director		(900)	(370)	(900)	(370)
Net advances from subsidiaries		-	-	2,151	1,097
Repayment of hire purchase obligations		(441)	(679)	-	-
Dividends paid to minority interests		-	(280)	-	-
Drawdown of term loans		-	21,379	-	-
Repayment of term loans		(5,200)	(2,046)	-	-
Decrease in bankers' acceptances, revolving credits and trust receipts		(425)	(19,114)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(6,966)	(10,830)	1,251	727
BALANCE CARRIED FORWARD		(5,068)	721	-	1

The annexed notes form an integral part of these financial statements.

		The Group		The Company	
	NOTE	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
BALANCE BROUGHT FORWARD/NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,068)	721	-	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		14,560	13,839	1	#
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/ PERIOD	40	9,492	14,560	1	1

- *Amount less than RM1,000.*

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	No. 63, Jalan 8/146, Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 July 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The activities of the Group expose it to certain financial risks, including market, credit, liquidity and cash flow risks. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impact of these risks on its financial position, performance and cash flows.

The Board of Directors explicitly assumes the responsibilities of financial risk management which is carried out mainly through risk reviews and internal control systems.

(a) Market Risk

(i) Foreign Currency Risk

The Group's exposure to currency risk arises mainly from normal trading transactions that are denominated in foreign currencies.

Foreign currency risk is managed to an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through banking and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

The Group does not use any derivative financial instruments to manage its exposure to interest rate risk as the directors are of the opinion that the net exposure is not significant.

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risk relates to the amounts owing by two major customers which made up approximately 66% of its total receivables at the balance sheet date.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits, credit terms and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has not adopted any new accounting standards and interpretations (including the consequential amendments).

(b) The Group/Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010

4. BASIS OF PREPARATION (cont'd)

(b) The Group/Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year: (cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	Effective date
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010

4. BASIS OF PREPARATION (cont'd)

(b) The Group/Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year: (cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	Effective date
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

4. BASIS OF PREPARATION (cont'd)

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010) clarify that business combination among entities under common control and the contribution of a business upon the formation of a joint venture will not be accounted for under FRS 2. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

IC Interpretation 4 aims to provide guidance for determining whether certain arrangements are, or contain, leases that should be accounted for in accordance with FRS 117; it does not provide guidance whether such a lease should be classified as a finance lease or an operating lease. It clarifies that an arrangement, although does not take the legal form of a lease, is a lease when the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

4. BASIS OF PREPARATION (cont'd)

IC Interpretation 11 or Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions (will replace IC Interpretation 11 in year 2011) provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash settled share-based payment transactions in the separate financial statements of the parent and group companies. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from 'prepaid lease payments' to 'property, plant and equipment' and measured as such retrospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

The following factors could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised:

(a) changes in the expected level of usage;

(b) commercial factors; and

(c) approval by the authorities on the renewal and extension of the project management agreement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(v) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2010.

A subsidiary is defined as an enterprise in which the Company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred and assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of Consolidation (cont'd)

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually, and is written down for impairment where it is considered necessary. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(g) Investments in Associates

Investments in associates are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

The investment in an associate in the consolidated financial statements is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2010. The Group's share of the post acquisition profit of the associate is included in the consolidated income statement and the Group's interest in associate is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investments in Associates (cont'd)

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less accumulated impairment losses, if any and is not depreciated.

The tower constructed under the project management agreement is amortised over its estimated useful life of 15 years from the date of completion of the construction.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Motor vehicles	20% - 30%
Plant and machinery	20%
Office equipment, furniture and fittings	5% - 15%
Computers	50%
Renovation	10%
Site equipment and tools	20% - 30%
Telecommunication towers under project management agreement	15 years

The capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. The capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the leases of 80 to 99 years.

(l) Investments in Club Memberships

Investments in corporate club memberships are stated at cost less accumulated amortisation and impairment losses, if any.

Club memberships are amortised on a straight-line basis over the period of the tenure. No amortisation is provided for club memberships with indefinite tenure.

(m) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis over the period of their useful lives.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Inventories

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(o) Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost comprises materials, cost of labour, direct expenses and applicable overheads.

(p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(q) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(r) Assets Under Hire Purchase

Equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

Equipment acquired under hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(s) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(u) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(w) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Income Taxes (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(x) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property and equipment (net of accumulated depreciation, where applicable), inventories, receivables and cash and cash equivalents.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(y) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Related Parties (cont'd)

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(z) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

(aa) Revenue Recognition

(i) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on:-

(a) the survey of work performed;

(b) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or

(c) completion of a physical proportion of the contract works;

whichever is applicable.

(ii) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(aa) Revenue Recognition (cont'd)

(iii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iv) Project Management Fee

Project management fee is recognised on an accrual basis.

(v) Rental Income

Rental income is recognised on an accrual basis.

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Unquoted shares, at cost:-	59,589	59,589

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 31.3.2010	Effective Equity Interest 31.3.2009	Principal activities
Maintenance Engineering Sdn. Bhd. ("ME")	100%	100%	Supply of engineering equipment, spare parts and tools and undertaking engineering and construction projects.
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
Maintenance Capital & Development Sdn. Bhd.	100%	100%	Investment holding.
Crystal United Sdn. Bhd. *	100%	100%	Investment holding.
MESB Development Sdn. Bhd.	100%	100%	Dormant.
MESB Agriculture Sdn. Bhd. ("MASB")	100%	100%	Dormant.
Dynamic Communication Link Sdn. Bhd. ("DCLSB")	55%	55%	Project management.
A.D. Trends Sdn. Bhd. ("ADTSB") #	-	80%	Trading in garments.

* - *Held through ME.*
\# - *Held through Miroza.*

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

During the financial year, Miroza disposed of its entire equity interest in ADTSB for a total cash consideration of RM11,200,000.

7. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	31.3.2010 RM'000	**31.3.2009 RM'000**	**31.3.2010 RM'000**	**31.3.2009 RM'000**
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	1,926	1,613	-	-
	2,586	2,273	660	660

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	**Effective Equity Interest 31.3.2010**	**Effective Equity Interest 31.3.2009**	**Principal activities**
PDC Telecommunication Services Sdn. Bhd. ("PDC")	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

The summarised financial information on the associate are as follows:-

	31.3.2010 RM'000	**31.3.2009 RM'000**
Assets and Liabilities		
Total assets	11,964	11,815
Total liabilities	5,242	5,888
Results		
Revenue	4,773	5,373
Profit for the financial year/period	783	2,897

8. PROPERTY, PLANT AND EQUIPMENT

	At 1.4.2009 RM'000	Transfer RM'000	Disposal Of A Subsidiary RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2010 RM'000
THE GROUP								
Net Book Value								
Freehold land	216	-	-	-	-	-	-	216
Buildings	8,069	-	(639)	-	-	-	(158)	7,272
Motor vehicles	448	-	(144)	1,436	(42)	-	(330)	1,368
Office equipment, furniture and fittings	3,039	-	(1,966)	457	-	-	(369)	1,161
Computers	278	-	(19)	35	(2)	(2)	(227)	63
Renovation	5,353	-	(58)	1,059	-	(520)	(764)	5,070
Site equipment and tools	25	-	-	-	-	-	(25)	-
Telecommunication towers under project management agreement ^	11,433	13	-	1,380	-	-	(905)	11,921
Capital work-in-progress	19	(13)	-	90	-	-	-	96
Total	28,880	-	(2,826)	4,457	(44)	(522)	(2,778)	27,167

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 1.4.2009 RM'000	Transfer RM'000	Disposal Of A Subsidiary RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2010 RM'000
THE GROUP								
Net Book Value								
Freehold land	216	-	-	-	-	-	-	216
Buildings	8,272	-	-	-	-	-	(203)	8,069
Motor vehicles	766	-	(41)	70	(96)	-	(251)	448
Office equipment, furniture and fittings	2,935	-	(16)	972	(2)	(352)	(498)	3,039
Computers	342	-	(6)	406	-	-	(464)	278
Renovation	5,377	-	(751)	1,912	-	(262)	(923)	5,353
Site equipment and tools	320	-	-	-	-	-	(295)	25
Telecommunication towers under project management agreement ^	11,263	59	-	1,180	-	-	(1,069)	11,433
Capital work-in-progress	66	(59)	-	12	-	-	-	19
Total	29,557	-	(814)	4,552	(98)	(614)	(3,703)	28,880

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

AT 31.3.2010	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
Freehold land	216	-	216
Buildings	8,215	(943)	7,272
Motor vehicles	2,462	(1,094)	1,368
Office equipment, furniture and fittings	3,308	(2,147)	1,161
Computers	2,013	(1,950)	63
Renovation	7,453	(2,383)	5,070
Site equipment and tools	7,757	(7,757)	-
Telecommunication towers under project management agreement ^	14,906	(2,985)	11,921
Capital work-in-progress	96	-	96
	46,426	(19,259)	27,167
AT 31.3.2009			
Freehold land	216	-	216
Buildings	8,964	(895)	8,069
Motor vehicles	2,896	(2,448)	448
Office equipment, furniture and fittings	6,021	(2,982)	3,039
Computers	2,347	(2,069)	278
Renovation	7,420	(2,067)	5,353
Site equipment and tools	7,757	(7,732)	25
Telecommunication towers under project management agreement ^	13,513	(2,080)	11,433
Capital work-in-progress	19	-	19
	49,153	(20,273)	28,880

	At 1.4.2009 RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2010 RM'000
THE COMPANY				
Net Book Value				
Computers	2	(2)	-	-

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 1.1.2008 RM'000	Depreciation Charge RM'000	At 31.3.2009 RM'000
THE COMPANY			
Net Book Value			
Computers	3	(1)	2

At 31.3.2009	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
Computers	4	(2)	2

^ Based on the project management agreement, the Group will carry out and complete the design, construction, erection and commissioning and thereafter the repair and maintenance of the telecommunication towers for a third party and lease to various telecommunication service providers at agreed rates. The project management agreement covers a period of 10 years with an option to extend for another 5 years commencing from 10 June 2005.

At the balance sheet date:-

(a) the following assets were acquired under hire purchase terms:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Carrying amounts:-		
Motor vehicles	1,298	377
Office equipment, furniture and fittings	209	649
Computer	22	161
Renovatio	324	361
	1,853	1,548

(b) the following assets have been pledged as security for bank borrowings granted to the Group:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Carrying amounts:-		
Freehold land	216	216
Buildings	7,272	8,069
	7,488	8,285

9. PREPAID LAND LEASE PAYMENTS

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Long-term leasehold land, at cost:-		
At 1 April 2009/1 January 2008	2,894	2,894
Disposal of a subsidiary	(360)	-
	2,534	2,894
Less: Accumulated amortisation	(354)	(357)
At 31 March 2010/2009	2,180	2,537
Accumulated amortisation:-		
At 1 April 2009/1 January 2008	(357)	(319)
Disposal of a subsidiary	33	-
Charge for the financial year/period	(30)	(38)
At 31 March 2010/2009	(354)	(357)

The leasehold land has been pledged as security for banking facilities granted to the Group.

10. OTHER INVESTMENTS

	The Group		The Company	
	31.3.2010 RM'000	**31.3.2009 RM'000**	**31.3.2010 RM'000**	**31.3.2009 RM'000**
Club memberships, at cost:-				
At 1 April 2009/ 1 January 2008	66	26	40	-
Disposal of a subsidiary	(26)	-	-	-
Addition during the financial year/period	-	40	-	40
	40	66	40	40
Less: Accumulated amortisation	-	(6)	-	-
At 31 March 2010/2009	40	60	40	40

10. OTHER INVESTMENTS (cont'd)

	The Group		The Company	
	31.3.2010 RM'000	31.3.2009 RM'000	31.3.2010 RM'000	31.3.2009 RM'000
Accumulated amortisation:-				
At 1 April 2009/ 1 January 2008	(6)	(5)	-	-
Disposal of a subsidiary	6	-	-	-
Charge for the financial year/period	-	(1)	-	-
At 31 March 2010/2009	-	(6)	-	-

The club memberships are held in trust by certain directors.

11. INTANGIBLE ASSET

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
At cost	60	60
Less: Accumulated amortisation	(32)	(26)
	28	34
Accumulated amortisation:-		
At 1 April 2009/1 January 2008	(26)	(18)
Charge for the financial year/period	(6)	(8)
At 31 March 2010/2009	(32)	(26)

The intangible asset represents the licence fee paid to a third party to operate the telecommunication towers for a period of 10 years.

12. OTHER ASSETS

These represent retention monies which are due and receivable after twelve months from the balance sheet date, upon expiry of the warranty period of the relevant contracts.

13. GOODWILL ON CONSOLIDATION

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
At 1 April 2009/1 January 2008	24,616	24,661
Disposal of a subsidiary	52	(45)
At 31 March 2010/2009	24,668	24,616

Goodwill on consolidation arose from the acquisition of Miroza in the previous financial year.

Goodwill on consolidation is stated at cost and reviewed for impairment annually.

Goodwill on consolidation has been allocated for impairment testing to the Group's cash-generating unit ("CGU") in Malaysia.

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation, and determined that the goodwill on consolidation is not impaired.

The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a period of five years.

The key assumptions underpinning the value-in-use calculations are as follows:

Growth rate	8%
Discount rate	7.55%

Management determined the budgeted gross margin based on the past performance and its expectations of market development. The growth rate used is based on the past years' achievement and the expected contracts to be secured. The discount rate used is based on the borrowing rates.

14. INVENTORIES

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Inventories held for trading:		
- at cost	10,187	20,840
- at net realisable value	236	582
	10,423	21,422

15. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Contract costs incurred to-date	7,910	7,006
Profit attributable to work performed to-date	503	432
	8,413	7,438
Less: Progress billings	(7,914)	(6,805)
Amount owing by contract customers	499	633
Contract costs incurred to-date	82,796	79,543
Loss attributable to work performed to-date	(5,720)	(2,416)
Less: Allowance for foreseeable losses	(353)	(289)
	76,723	76,838
Less: Progress billings	(82,396)	(80,772)
Amount owing to contract customers	(5,673)	(3,934)

16. TRADE RECEIVABLES

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Trade receivables	13,728	15,510
Less: Allowance for doubtful debts	(792)	(792)
	12,936	14,718
Retention monies - due and receivable within twelve months	3,740	6,415
	16,676	21,133
Allowance for doubtful debts:-		
At 1 April 2009/1 January 2008	(792)	(803)
Charge during the financial year/period	-	(13)
Write-off during the financial year/period	-	24
At 31 March 2010/2009	(792)	(792)

The Group's normal trade credit terms range from cash terms to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

16. TRADE RECEIVABLES (cont'd)

Included in the trade receivables are the following:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Amounts owing by related parties:		
- Roncato Sdn. Bhd.	75	72
- Fook Cheong Trading	51	61
- MRZ Car Seat Sdn. Bhd.	27	27
	153	160

The foreign currency exposure profile of the trade receivables at the balance sheet date is as follows:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Brunei Dollar	260	407
Vietnamese Dong	244	445

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	31.3.2010 RM'000	31.3.2009 RM'000	31.3.2010 RM'000	31.3.2009 RM'000
Other receivables, deposits and prepayments	4,440	4,755	102	117
Less: Allowance for doubtful debts	(835)	-	-	-
	3,605	4,755	102	117
Allowance for doubtful debts:-				
At 1 April 2009/ 1 January 2008	-	-	-	-
Addition during the financial year/period	(835)	-	-	-
At 31 March 2010/2009	(835)	-	-	-

Included in the other receivables, deposits and prepayments of the Group is an amount of RM387,000 (31.3.2009 - RM406,000) owing by a related party, MX Too Sdn. Bhd..

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

In the previous financial period, the foreign currency exposure profile of the other receivables, deposits and prepayments at the balance sheet date was as follows:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Thai Baht	-	235

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amount owing by the subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount owing to a subsidiary consists of the following:-

	The Company	
	31.3.2010 RM'000	31.3.2009 RM'000
Interest bearing	(3,685)	(3,685)
Non-interest bearing	(1,810)	(1,335)
	(5,495)	(5,020)

The amount owing to is non-trade in nature, unsecured, interest-free and repayable on demand except for the interest bearing portion which bore an effective interest rate of 5.00% (31.3.2009 - 5.00%) per annum at the balance sheet date.

The amounts owing are to be settled in cash.

19. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks for banking facilities granted to the Group. The weighted average effective interest rate of the fixed deposits at the balance sheet date was 2.01% (31.3.2009 - 2.38%) per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (31.3.2009 - 1 month to 12 months).

20. SHARE CAPITAL

	The Group/The Company			
	31.3.2010 Number Of Shares	31.3.2009 Number Of Shares	31.3.2010 RM'000	31.3.2009 RM'000
Ordinary Shares Of RM1 Each:-				
AUTHORISED	100,000,000	100,000,000	100,000	100,000
ISSUED AND FULLY PAID-UP	42,000,000	42,000,000	42,000	42,000

21. SHARE PREMIUM

This relates to the premium arising from shares issued and is not distributable by way of cash dividends.

22. CAPITAL RESERVE

This relates to the equity-settled share option granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of the share options.

The share options were implemented on 14 December 2004 and are to be in force for a period of 5 years from the date of the grant. The movement in the options to subscribe for the new ordinary shares of RM1.00 each at the exercise price of RM1.00 per share during the financial year are as follows:-

	Number Of Ordinary Shares Of Rm1.00 Each Granted Under Option	
	31.3.2010	**31.3.2009**
At 1 April 2009/1 January 2008	2,247,000	4,516,000
Cancellation due to staff resignations	(174,000)	(2,269,000)
Expiry of share option	(2,073,000)	-
At 31 March 2010/2009	-	2,247,000

The share option expired on 13 December 2009 during the financial year.

The fair value of the share options granted in previous financial years was estimated by using a binomial model, taking into accounts the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:-

Fair value of share options at the grant date (RM per share)	0.0461
Share price (RM)	1.00
Exercise price (RM)	1.00
Expected volatility (%)	18.17
Expected life (years)	5
Risk free rate (%)	4.00

23. RETAINED PROFITS

Subject to agreement of the tax authorities, at the balance sheet date, the Company has sufficient tax credits and tax-exempt income under the Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

24. HIRE PURCHASE PAYABLES

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Minimum hire purchase payments:		
- not later than one year	534	495
- later than one year but not later than five years	1,159	512
	1,693	1,007
Less: Future finance charges	(191)	(106)
Present value of hire purchase payables	1,502	901
The net hire purchase payables are repayable as follows:-		
Current:		
- not later than one year	465	439
Non-current:		
- later than one year and not later than five years	1,037	462
	1,502	901

The hire purchase payables of the Group are subject to a weighted average effective interest rate of 5.97% (31.3.2009 - 7.76%) per annum.

25. TERM LOANS

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Current portion:		
- repayable within one year	4,576	5,297
Non-current portion:		
- repayable between one to two years	4,606	4,951
- repayable between two to five years	8,573	12,993
- repayable after five years	732	1,315
	13,911	19,259
	18,487	24,556

25. TERM LOANS (cont'd)

Details of the term loans outstanding at the balance sheet date are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalments RM	Effective Dates Of Commencement Of Repayment	Amount Outstanding 31.3.2010 RM'000	Amount Outstanding 31.3.2009 RM'000
1	120	3,153	October 2004	141	166
2	120	41,429	February 2006	2,564	2,820
3	120	6,929	January 2007	423	468
4	36	26,587	September 2007	-	550
5	120	6,820	October 2007	-	577
6	36	12,463	August 2008	180	311
7	78	192,016	December 2089	11,659	14,209
8	6	166,667	January 2009	-	500
9	36	161,401	March 2009	3,520	4,955
				18,487	24,556

The term loans outstanding of the Group at the balance sheet date are subject to a weighted average effective interest rate of 7.23% (31.3.2009 - 7.11%) per annum and are secured by:-

(i) a first legal charge over the freehold and leasehold land and buildings of the Group;

(ii) a first debenture incorporating a fixed and floating charge over all the present and future assets and undertaking of a subsidiary;

(iii) a first party deed of assignment of all contract proceeds from telecommunication companies;

(iv) a first party assignment of all the rights, benefits, proceeds from/under all insurance policies over the telecommunication towers;

(v) a pledge of certain fixed deposits of the Group;

(vi) a joint and several guarantee of the directors of subsidiaries; and

(iv) a corporate guarantee of the Company.

26. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group 31.3.2010 RM'000	The Group 31.3.2009 RM'000
At 1 April 2009/1 January 2008	207	(561)
Disposal of a subsidiary	(119)	-
Recognised in income statements (Note 36)	513	768
At 31 March 2010/2009	601	207

The deferred taxation relates to temporary differences between depreciation and capital allowances on qualifying cost of property, plant and equipment.

27. TRADE PAYABLES

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Trade payables	7,583	18,085
Retention monies	588	1,332
	8,171	19,417

The normal trade credit terms granted to the Group range from 30 to 120 days.

28. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals of the Group is an amount of RM473,000 (31.3.2009 - RM1,233,000) owing to a related party, Roncato Sdn. Bhd.. The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

29. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents the balance of the consideration payable for the acquisition of Miroza in previous financial years. The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

30. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group are subject to the effective interest rates ranging from 2.21% to 4.57% (31.3.2009 - 2.15% to 5.17%) per annum at the balance sheet date and are secured by:-

(i) legal charges over the freehold and leasehold land and buildings of the Group;

(ii) a legal charge over a property belonging to a director;

(iii) a fixed and floating charge over the assets of a subsidiary, both present and future;

(iv) a pledge of the fixed deposits of the Group;

(v) a joint and several guarantee of the directors of the subsidiaries and a person connected to the directors; and

(vi) a corporate guarantee of the Company and a third party.

31. BANK OVERDRAFTS

The bank overdrafts are subject to an effective interest rate of 7.12% (31.3.2009 - 6.97%) per annum at the balance sheet date and are secured in the same manner as the bankers' acceptances disclosed in Note 30 to the financial statements.

32. NET ASSETS PER SHARE

The net assets per share was calculated based on the Group's net assets value at the balance sheet date of RM44,629,000 (31.3.2009 - RM43,837,000) divided by the number of ordinary shares in issue at the balance sheet date of 42,000,000 (31.3.2009 - 42,000,000).

33. REVENUE

Details of revenue are as follows:-

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Engineering contracts	3,793	11,603	-	-
Trading	81,820	109,405	-	-
Project management fee	6,410	7,520	-	-
Rental	23	34	-	-
	92,046	128,562	-	-

34. COST OF SALES

Details of cost of sales are as follows:-

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Engineering contracts	5,662	12,465	-	-
Trading	30,156	42,949	-	-
Project management fee	2,133	2,362	-	-
Rental	48	69	-	-
	37,999	57,845	-	-

35. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Allowance for doubtful debts	835	13	-	-
Allowance for/(Write-back of) foreseeable losses	-	-	64	(694)
Amortisation of:				
- intangible asset	6	8	-	-
- other investments	-	1	-	-
- prepaid land lease payments	30	38	-	-
Audit fee:				
- for the financial year/period	77	81	19	20
- (over)/underprovision in the previous financial period/year	(17)	10	-	5
Bad debts written off	-	2	-	-
Depreciation of property, plant and equipment	2,778	3,703	-	1
Directors' fees	189	136	143	136
Directors' non-fee emoluments	688	1,145	423	582
Equipment written off	522	614	2	-
Hire of machinery and vehicles	2	178	-	-
Interest expense:				
- advances from a subsidiary	-	-	184	230
- bank overdrafts	77	291	-	-
- bankers' acceptances	602	1,537	-	-
- hire purchase	61	81	-	-
- Istisna' Medium Term Notes	-	492	-	-
- overdue	-	20	-	-
- revolving credits	-	295	-	-
- term loans	1,745	925	-	-
- trust receipts	-	76	-	-
- others	7	210	-	-
Loss on disposal of a subsidiary	215	190	-	-
Realised loss/(gain) on foreign exchange	100	(15)	-	-
Rental of land	631	719	-	-
Rental of premises	2,462	6,087	-	146
Staff costs	13,649	19,248	-	-
Gain on disposal of equipment	(453)	(243)	-	-
Interest income	(260)	(458)	-	-
Rental of premises	(397)	(526)	-	-
Write-back of inventories written down	(7)	(81)	-	-

36. INCOME TAX EXPENSE

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	**1.1.2008 to 31.3.2009 RM'000**	**1.4.2009 to 31.3.2010 RM'000**	**1.1.2008 to 31.3.2009 RM'000**
Current tax:				
- for the financial year/period	1,634	1,408	-	-
- overprovision in previous financial period/year	(3)	(284)	-	(242)
	1,631	1,124	-	(242)
Deferred taxation (Note 26):				
- for the financial year/period	657	844	-	-
- overprovision in previous financial period/year	(144)	(76)	-	-
	513	768	-	-
	2,144	1,892	-	(242)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	**1.1.2008 to 31.3.2009 RM'000**	**1.4.2009 to 31.3.2010 RM'000**	**1.1.2008 to 31.3.2009 RM'000**
Profit/(Loss) before taxation	4,177	3,358	(1,158)	(1,426)
Tax at the statutory tax rate of 25%	1,044	840	(290)	(356)
Tax effects of:-				
Non-taxable gains	(32)	(1)	-	-
Non-deductible expenses:				
- allowance for doubtful debts	150	-	-	-
- depreciation of property, plant and equipment	211	319	-	-
- directors' non-fee emoluments	106	145	106	145
- equipment written off	124	143	-	-
- professional fee	19	63	-	-
- others	297	455	184	211
Deferred tax assets not recognised during the financial year/period	837	385	-	-

36. INCOME TAX EXPENSE (cont'd)

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Utilisation of previously unrecognised deferred tax assets	(465)	-	-	-
Utilisation of group relief	-	(133)	-	-
Overprovision in the previous financial period/year:				
- income tax	(3)	(284)	-	(242)
- deferred taxation	(144)	(76)	-	-
Differential in tax rates	-	36	-	-
Tax for the financial year/period	2,144	1,892	-	(242)

37. EARNINGS PER SHARE

Basic earnings per share is arrived at by dividing the Group's profit attributable to equity holders of the Company of RM792,000 (31.3.2009 - RM198,000) by the number of ordinary shares in issue during the financial year/period of 42,000,000 (31.3.2009 - 42,000,000).

The diluted earnings per share is not applicable as there are no dilutive potential ordinary shares outstanding at the balance sheet date.

38. DISPOSAL OF A SUBSIDIARY

The effects of the disposal of the subsidiary on the Group's financial statements are as follows:-

(a) Effects on Consolidated Income Statements

The effects on the consolidated results of the Group up to the date of disposal and the comparatives for the previous financial period are as follows:-

	The Group	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Revenue	28,228	2,946
Cost of sales	(9,748)	(1,937)

38. DISPOSAL OF A SUBSIDIARY (cont'd)

(a) Effects on Consolidated Income Statements (con'd)

	The Group	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Gross profit	18,480	1,009
Other income	36	34
Selling and distribution expenses	(12,709)	(88)
Administrative and other operating expenses	(1,678)	(1,563)
Finance cost	(264)	(182)
Profit/(Loss) before taxation	3,865	(790)
Income tax expense	(966)	-
Profit/(Loss) after taxation	2,899	(790)

(b) Effects on Consolidated Financial Position

The effects on the consolidated financial position of the Group as at the date of disposal and the comparatives for the previous financial period are as follows:-

	The Group	
	31.3.2010 RM'000	31.3.2009 RM'000
Property ,plant and equipment	2,826	814
Prepaid land lease payments	327	-
Other investment	20	-
Inventories	15,120	-
Trade and other receivables	5,075	710
Cash and bank balances	4,345	36
Deferred taxation	(119)	-
Trade and other payables	(3,692)	(1,219)
(Provision for taxation)/Tax recoverable	(642)	76
Term loan	(869)	-
Hire purchase payables	(108)	(34)
Bankers' acceptances	(8,060)	-
Fair value of net assets disposed	14,223	383
Goodwill	(52)	45
Minority interest	(2,844)	(188)
Share of group's assets	11,327	240
Loss on disposal	(215)	(190)
Sale proceeds from disposal of a subsidiary, net of incidental cost	11,112	50
Cash and bank balances	(4,345)	(36)
Cash flow on disposal of a subsidiary	6,767	14

39. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Cost of property, plant and equipment purchased	4,457	4,552	-	-
Amount financed through hire purchase	(1,150)	(749)	-	-
Cash disbursed for the purchase of property, plant and equipment	3,307	3,803	-	-

40. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	The Group		The Company	
	31.3.2010 RM'000	31.3.2009 RM'000	31.3.2010 RM'000	31.3.2009 RM'000
Fixed deposits with licensed banks (Note 19)	4,932	11,433	-	-
Cash and bank balances	4,971	5,401	1	1
Bank overdrafts (Note 31)	(411)	(2,274)	-	-
	9,492	14,560	1	1

41. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year/period are as follows:-

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000	1.4.2009 to 31.3.2010 RM'000	1.1.2008 to 31.3.2009 RM'000
Executive directors:				
- salaries and allowances	671	1,119	406	561
- fees	103	60	57	60
- estimated money value of benefits-in- kind	18	30	-	-
	792	1,209	463	621
Non-executive directors:				
- allowances	17	26	17	21
- fees	86	76	86	76
	103	102	103	97
	895	1,311	566	718

41. DIRECTORS' REMUNERATION (cont'd)

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year/period in the bands of RM50,000 are as follows:-

	The Group/The Company Number Of Directors			
	1.4.2009 to 31.3.2010		1.1.2008 to 31.3.2009	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	-	4	-	3
RM50,001-RM100,000	1	-	-	-
RM100,001-RM150,000	1	-	2	-
RM200,001-RM250,000	1	-	-	-
RM250,001-RM300,000	-	-	1	-
RM300,001-RM550,000	1	-	-	-
RM500,001-RM550,000	-	-	1	-

42. SEGMENTAL REPORTING

1.4.2009 to 31.3.2010	Engineering and construction RM'000	Trading RM'000	Investment holding and others RM'000	Group RM'000
REVENUE				
Total revenue	12,349	82,136	128	94,613
Inter-segment revenue	(2,146)	(316)	(105)	(2,567)
External revenue	10,203	81,820	23	92,046
RESULTS				
Segment results	958	6,672	(1,274)	6,356
Finance costs				(2,492)
Share of profit in an associate				313
Profit before taxation				4,177
Income tax expense				(2,144)
Profit after taxation				2,033
OTHER INFORMATION				
Segment assets *	31,659	62,475	7,190	101,324
Segment liabilities #	25,424	22,794	5,869	54,087
Capital expenditure	2,237	2,220	-	4,457
Depreciation	1,124	1,620	34	2,778

42. SEGMENTAL REPORTING (cont'd)

1.1.2008 to 31.3.2009	Engineering and construction RM'000	Trading RM'000	Investment holding and others RM'000	Group RM'000
REVENUE				
Total revenue	20,959	109,622	34	130,615
Inter-segment revenue	(1,836)	(217)	-	(2,053)
External revenue	19,123	109,405	34	128,562
RESULTS				
Segment results	2,748	4,921	(1,542)	6,127
Finance costs				(3,927)
Share of profit in an associate				1,158
Profit before taxation				3,358
Income tax expense				(1,892)
Profit after taxation				1,466
OTHER INFORMATION				
Segment assets *	34,828	85,128	7,162	127,118
Segment liabilities #	26,920	45,283	6,875	79,078
Capital expenditure	1,200	3,352	-	4,552
Depreciation	1,422	2,237	44	3,703

* - Segment assets comprise total current and non-current assets, excluding income tax assets.
# - Segment liabilities comprise total current and non-current liabilities, excluding income tax liabilities.

An analysis by geographical segment is not presented as the Group operates primarily in Malaysia.

43. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, the Group and the Company have related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same Group of companies.

43. RELATED PARTY DISCLOSURES (cont'd)

The year/period end balances of the related parties are disclosed in the respective notes to the financial statements. The Group and the Company carried out the following transactions with the related parties during the financial year/period:

	The Group		The Company	
	1.4.2009 to 31.3.2010 RM'000	**1.1.2008 to 31.3.2009 RM'000**	**1.4.2009 to 31.3.2010 RM'000**	**1.1.2008 to 31.3.2009 RM'000**
Sales to related parties:				
- Roncato Sdn Bhd. [(1)]	1,916	1,186	-	-
- Fook Cheong Trading [(2)]	1	47	-	-
Rental received/receivable from a related party:				
- MRZ Car Seat Sdn. Bhd.	50	63	-	-
Interest paid/payable to a subsidiary:				
- Miroza	-	-	184	230
Royalty paid/payable to a related party:				
- MX Too Sdn. Bhd. [(1)]	644	714	-	-
Key management personnel compensation:				
- short-term employee benefits	860	1,993	566	718

[(1)] *A company in which Teoh Hwa Peng and spouse of Teoh Hwa Peng are directors and have substantial financial interests.*

[(2)] *A partnership in which a sibling of Teoh Hwa Peng has a substantial financial interest.*

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial period as bad and doubtful debts in respect of the amounts owing by the related parties.

44. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Not later than one year	1,580	2,668
Later than one year but not later than five years	3,063	3,502
Later than five years	1,182	1,434
	5,825	7,604

45. CONTINGENT LIABILITIES

	The Company	
	31.3.2010 RM'000	**31.3.2009 RM'000**
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	38,840	43,725

A winding-up petition ("the Petition") was filed by a supplier in the Kuala Lumpur High Court for a sum of RM7,282,757 inclusive interest of 1.5% per annum against ME, a wholly-owned subsidiary of the Company.

ME has filed the Affidavits in Opposition to the Petition and the application to strike out the Petition. This matter is pending hearing of the application to strike out the Petition which has been fixed on 12 August 2010.

The directors, based on legal advice, are of the opinion that ME has a good chance of success in striking out the Petition.

46. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent, unless otherwise stated) for the translation of the foreign currency balances at the balance sheet date are as follows:-

	31.3.2010 RM'000	**31.3.2009 RM'000**
Brunei Dollar	2.34	2.40
Thai Baht	Not applicable	0.10
100 Vietnamese Dong	0.02	0.02

47. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, Miroza disposed of its entire equity interest in ADTSB for a total cash consideration of RM11,200,000.

48. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Long-Term Bank Loans

The fair values of the long-term bank loans are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

48. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(b) Hire Purchase Obligations

The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

(c) Short-Term Borrowings

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(d) Other Assets And Trade Receivables

	The Group		The Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Other assets *	3,549	#	-	-

* *Retention monies which are due and receivable after twelve months from the balance sheet date.*

\# *It is not practicable within the constraints of timeliness and cost to estimate this fair value reliably. Such assets are stated at anticipated realisable value subject to review for allowance for doubtful debts.*

(e) Cash And Cash Equivalents And Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these financial instruments.

(f) Contingent Liabilities

It is not practicable to estimate the fair value of contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Company are as follows:

		The Company	
At 31 March 2010	Note	Nominal Amount RM'000	Net Fair Value RM'000
Contingent liability	45	38,840	*
At 31 March 2009			
Contingent liability	45	43,725	*

* *The net fair values of the contingent liabilities are estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.*

49. COMPARATIVE FIGURES

The comparative figures of the Group and the Company are in respect of the financial period from 1 January 2008 to 31 March 2009.

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM'000	As Previously Reported RM'000
THE GROUP		
INCOME STATEMENTS (EXTRACT):-		
Share of profit in an associate	1,158	1,214
Income tax expense	(1,892)	(1,948)
CASH FLOW STATEMENTS (EXTRACT):-		
Net cash from/(for) investing activities	(3,030)	(3,310)
Net cash (for)/from financing activities	(10,830)	(10,550

List Of Properties
As At 31 March 2010

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2010 (RM)
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office Date of acquisition : 19/1/1995 **(Note 1)**	Leasehold expiring on 29/06/2087	17,835	13	2,693,461
Lot No. 10 Jalan Perusahaan 1 Kawasan Perusahaan Beranang Selangor Darul Ehsan	Industrial land and building used as store Date of revaluation of land : 11/7/2006 **(Note 2)** - Building constructed in 2002.	Leasehold expiring on 09/10/2099	117,177/ 10,040	7	1,011,341 - NBV of Building RM686,805
Lot 655 Jalan 24, Taman Perindustrian Ehsan Jaya, Taman Ehsan, Kepong 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office Date of acquisition : 02/04/1997	Freehold	2,730	12	298,878
Lot 656 Jalan 24, Taman Peindustrian Ehsan Jaya, Taman Ehsan,Kepong, 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office Date of acquisition : 02/04/1997	Freehold	2,730	12	298,878
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Boutique Date of acquisition : 05/05/2004	99 years leasehold	452	7	590,960

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2010 (RM)
Wisma Sri Damansara No. 10 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur	Two storey office building Date of acquisition : 08/08/2005	Freehold	30022/ 24108	16	4,088,073

Note 1: A revaluation on these properties were carried out by an independent valuer on 22 November 2002 and there was no material impairment to the value of these properties.

Note 2: A revaluation on these properties were carried out by an independent valuer on 11 July 2006 and there was no material impairment to the value of these properties.

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Share Capital	:	RM42,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary shareholder on a show of hands
		1 vote per ordinary share on a poll
Number of Shareholders	:	2,134

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2	0.09	3	0.00
100 to 1,000	486	22.77	471,500	1.12
1,001 - 10,000	1,365	63.96	5,352,099	12.74
10,001 - 100,000	250	11.72	7,173,601	17.08
100,001 - less than 5% of issued shares	29	1.36	14,504,098	34.53
5% and above of issued shares	2	0.09	14,498,699	34.52
Total	2,134	100.00	42,000,000	100.00

Substantial Shareholders according to the Register of Substantial Shareholders

	No. of Shares			
Names	Direct Interest	%	Indirect Interest	%
1. Teoh Hwa Peng	12,274,099	29.22	-	-
2. Lim Thiam Chai	2,224,600	5.30	-	-
3. Thuraya Binti Kassim	1,833,910	4.37	583,588 (2)	1.29
4. Wan Hussein Bin Tan Sri Wan Hamzah	583,588	1.29	1,833,910 (1)	4.37

Notes:
(1) Deemed interested via his spouse's shareholdings
(2) Deemed interested via her spouse's shareholdings

Directors' Shareholdings

Names	No. of Shares Direct Interest	%	Indirect Interest	%
Teoh Hwa Peng	12,274,099	29.22	701,000 *	1.67
Ng Chee Leong	335,000	0.80	-	-
Teoh Wah Leong	-	-	-	-
Saffie Bin Bakar	-	-	-	-
Yam Kin Lum	-	-	-	-
Tan Yew Kim	-	-	-	-

* *Deemed interest through spouse's shareholdings by virtue of Section 134(12)(c) of the Companies Act, 1965*

Thirty (30) Largest Shareholders / Securities Account Holders

No.	Names	No. of Shares	%
1.	Teoh Hwa Peng	12,274,099	29.22
2.	Lim Thiam Chai	2,224,600	5.30
3.	Ooi Yen Yen	1,860,800	4.43
4.	Thuraya Binti Hj Kassim	1,833,910	4.37
5.	Sieh Kok Swee	1,537,400	3.66
6.	Tang Hee Sung	1,269,000	3.02
7.	Khoo Loon See	1,250,000	2.98
8.	Chea Kok Jiun @ Sieh Kok Jiun	999,000	2.38
9.	Lim Chun Hoe	574,200	1.37
10.	RHB Nominees (Asing) Sdn Bhd Kripalson International Ltd	552,000	1.31
11.	Wan Hussein Bin Wan Hamzah	543,588	1.29
12.	Khoo Loon Im	450,000	1.07
13.	Tan Sok Gim	338,000	0.80

Thirty (30) Largest Shareholders / Securities Account Holders (cont'd)

No.	Names	No. of Shares	%
14.	Ng Chee Leong	335,000	0.80
15.	Sam Yin Thing	286,000	0.68
16.	Khor Cheen Sing	236,000	0.56
17.	Tan Sok Gim	225,901	0.54
18.	Nor Azman Bin Mohd Yussof	217,000	0.52
19.	Yong Sau Leng	208,800	0.50
20.	Liew Kok Meng	207,500	0.49
21.	Sam Chee Siong	200,000	0.48
22.	Onn & Onn Bhoy Bin Abbashoy	187,000	0.45
23.	Tey Ghee Kian	185,000	0.44
24.	Abu Bakar Bin Mohamed	169,000	0.40
25.	Mohd Alim Bin Abd Bari	151,000	0.36
26.	Tan Sok Gim	137,099	0.33
27.	Quek Yoon Lan	114,600	0.27
28.	Lim Poh Fong	112,000	0.27
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noredah Majimpi @ Ening Majimpi	111,400	0.27
30.	HLG Nominee (Tempatan) Sdn Bhd CIMB Bank for Ang Poh Eng (M66001)	107,400	0.26

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MESB BERHAD (337554-D)

Proxy Form

I/We____

(BLOCK LETTERS)

of____

being a member/members of **MESB BERHAD**, hereby appoint * THE CHAIRMAN OF THE MEETING or________

____

of ____ or failing him / her,

____of

____as my/our

proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held at Level 1, Hotel Sri Petaling, 30 Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 22 September 2010 at 10.00 a.m. and at any adjournment thereof.

* *If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.*

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

	Ordinary Resolutions	**For**	**Against**
1	To re-elect Saffie Bin Bakar		
2	To re-elect Teoh Wah Leong		
3	To re-elect Tan Yew Kim		
4	To approve the payment of Directors' fees		
5	To re-appoint Messrs Crowe Horwath as Auditors of the Company		
6	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this_______day of ______________2010

No. of Shares Held

____

Signature / Common Seal of Shareholder

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
6. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

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Stamp

The Company Secretary

MESB BERHAD

(337554-D)

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

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