



MESB

B E R H A D

LAPORAN TAHUNAN **2009** ANNUAL REPORT



RETAIL DIVISION

AD TRENDS SDN BHD
A Member of AFD Group



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LAPORAN TAHUNAN | ANNUAL REPORT
2009

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NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of **MESB BERHAD** will be held at Lumut 1 Room, Vistana Hotel, No. 9 Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur on Friday, 11 September 2009 at 10.00 a.m. for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the financial period ended 31 March 2009 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) Teoh Hwa Peng **Ordinary Resolution 1**
 - (ii) Wong Tuck Song **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) Ng Chee Leong **Ordinary Resolution 3**
 - (ii) Yam Kin Lum **Ordinary Resolution 4**
4. To approve the payment of Directors' fees amounting to RM135,833 for the financial period ended 31 March 2009. **Ordinary Resolution 5**
5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

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 7**

"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 20 August 2009, 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

MAH LI CHEN (MAICSA 7022751)
TAN LEY THENG (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
20 August 2009

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 20 August 2009 which is circulated together with the 2009 Annual Report of the Company.

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

- (a) The Directors retiring pursuant to Article 78 of the Articles of Association of the Company
 - (i) Teoh Hwa Peng
 - (ii) Wong Tuck Song
- (b) The Directors retiring pursuant to Article 85 of the Articles of Association of the Company
 - (i) Ng Chee Leong
 - (ii) Yam Kin Lum

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 11 of this Annual Report.
- (b) The shareholdings of the above Directors who are standing for re-election are set out in the Analysis of Share holding on page 93 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings

6 Board meetings were held during the financial period ended 31 March 2009. Details of the attendance of each Director are set out in the Statement on Corporate Governance appearing on page 20 of this Annual Report.

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

The Fourteenth Annual General Meeting of the Company will be held at Lumut 1 Room, Vistana Hotel, No. 9, Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur on 11 September 2009.

DIRECTORS

Y.M. Dato' Paduka Sharipah Hishmah Binti Sayed Hassan
(Executive Chairman)

Saffie Bin Bakar
(Independent Non-Executive Director)

Ng Chee Leong
(Executive Director)

Wong Tuck Song
(Non-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)

Wong Tuck Song
(Non-Independent Non-Executive Director)

AUDITORS

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 Ramlee
50250 Kuala Lumpur
Tel : 03-2382 4288
Fax : 03-2382 4170

COMPANY SECRETARIES

Mah Li Chen
(MAICSA 7022751)

Tan Ley Theng
(MAICSA 7030358)

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530 / 03-2721 2531

PLACE WHERE REGISTER OF OPTIONS IS KEPT

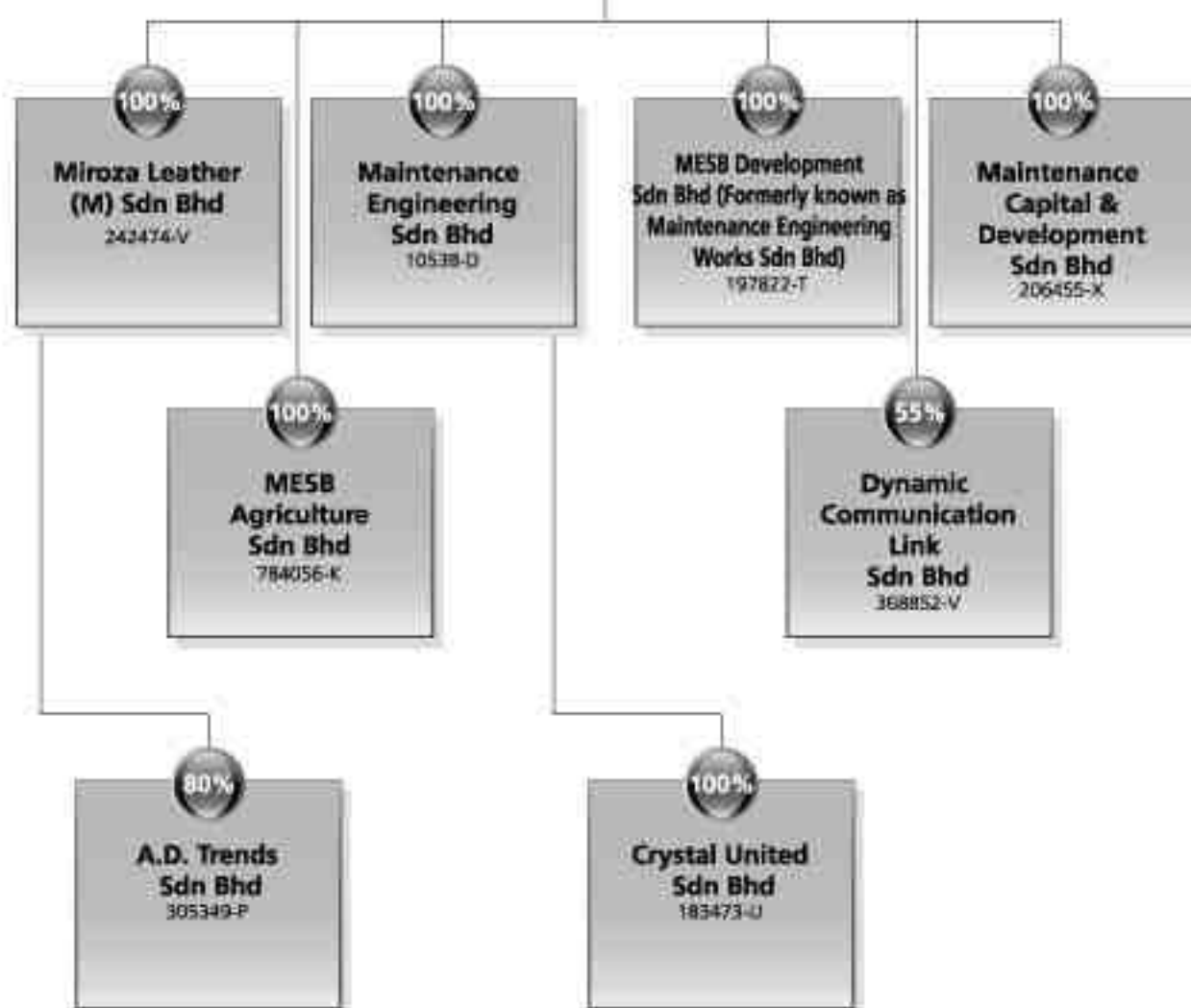
No. 63, Jalan 8/146
Bandar Tasik Selatan
57000 Sg. Besi
Kuala Lumpur

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



Y.M. DATO' PADUKA SHARIPAH HISHMAH BINTI SAYED HASSAN *Executive Chairman*

A Malaysian, aged 57, was appointed to the Board on 6 May 2008.

She holds a Diploma in Beauty and Cosmetology in Baton Rouge, Louisiana, United State of America.

She ventured into the production and marketing of batik and created a brand name and has become a household name for batik in Malaysia and the modernization of fashion using batik as a textile material.

She set up her first eatery outlet in Kuala Lumpur City Center (KLCC) promoting and selling Malaysian traditional savories under the brand name of La Cucur. She is also an active volunteer in a number of Non-Governmental Organizations.

SAFFIE BIN BAKAR *Independent Non-Executive Director*

A Malaysian, aged 55, 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 Associate Member of Certified System Investigator (CSI) World Headquarters, Singapore, a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM), a Member of Malaysian Institute of Corporate Governance (MICG), a life Member of Malaysia Drug Prevention Association (PEMADAM) since 1981, Treasurer of Malaysia Crime Prevention Foundation (MCPF), Perlis Branch since 1997, Chairman of Perlis State Manufacturers' Committee since 2000 and a committee member of Joint Business Council, Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) for Perlis State, Malaysia since 2003.

He has had more than 30 years of management expertise especially in the areas of project planning, business development, property development, human resources management, project implementation & coordination, cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPO) and Reverse Takeover (RTD). He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as Asst. State Secretary (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.

He has attended both strategic management and training programmes from World Bank, UNDP, United Nations Centre on Transnational Corporation (UNCTC), University of California, Berkeley, U.S.A., Catholic University of Leuven, Belgium and University of Hong Kong. Between August 1978 and March 1981 (2 ½ years), he received in house training in the State and Rural Development Project (SRDP)/EPU funded and organized by UNDP and the World Bank. In addition he become Local Counterpart to the Regional Planning Adviser, the Industrial Project Adviser and the Infrastructure Project Adviser who are all World Bank experts.

In addition to his directorship in MESB Berhad, he is also a director of three (3) other public listed companies on the Bursa Malaysia Securities Berhad, namely KBB Resources Bhd, AE Multi Holdings Berhad, SEQUOIA Holdings Bhd. He is also the Advisor of Shorubber (Malaysia) Sdn.Bhd, a Japanese manufacturer and exporter of industrial gloves. He is also a director cum corporate adviser of a number private limited companies.

WONG TUCK SONG *Non-Independent Non-Executive Director*

A Malaysian, aged 42, was appointed to the Board on 19 March 2004. He is a member of the Audit Committee, Nomination Committee and ESOS Committee.

He is a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), the Financial Planning Association of Malaysia (FPAM) and holds a Corporate Finance Qualification from the Institute of Chartered Accountants in England and Wales (ICAEW).

He first started his career in accountancy when he articulated with KPMG Peat Marwick in 1987 and remained there for 10 years. While with KPMG, he handled a wide portfolio of audit clients with diverse background including multi-national and public listed companies.

In 1996, he joined a company listed on the second board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) as the General Manager of Corporate and Financial Planning. During the tenure, he undertook various corporate exercises and investment evaluation and implementation both local and overseas.

In 1998, he co-founded Amber Capital Sdn. Bhd., a corporate and financial advisory company, through which, he has undertaken various corporate and financial advisory engagements for companies including rationalisation, restructuring, mergers and acquisitions, divestments, privatizations, joint venture projects and fund raising exercise.

NG CHEE LEONG *Executive Director*

A Malaysian, aged 45, was appointed to the Board on 27 August 2008. He is a member of the Remuneration Committee and ESOS Committee.

He has 18 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.

He was a marketing executive with a men's fashion company marketing the "Playboy" brand of men's wear in Malaysia in the early 1990. By 1996 he was Marketing Manager when he was head-hunted and joined the then MCL Bhd as Marketing Director in charge of some eleven brands. He brought with him more contemporary look and designs for the men's brands and the proper strategic sectionalisation of the local Malaysian market.

In 1998, when MCL Bhd was then subject to a takeover and re-organization, Mr Ng Chee Leong left MCL Bhd and started his own men's wear marketing company, A.D. Trends Sdn Bhd with the signing of the international brand of Alain Delon. Under his leadership, Alain Delon Men's wear has become one of the leading brand name in Malaysia.

In 2007, Mr Ng Chee Leong joined Miroza Leather (M) Sdn Bhd as the Chief Operating Officer where his marketing and merchandising management expertise are harnessed to further improve the performance of the Miroza Leather (M) Sdn Bhd businesses.

YAM KIN LUM *Independent Non-Executive Director*

A Malaysian, aged 61, 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*

A Malaysian, aged 42, 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 Theme. MLSB also develops, manufactures and markets own house brands such as Giosardi and Lizard.

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, China and Middle East. His great vision has also led MLSB to diversify to marketing of apparels and shoes through the acquisition of A.D. Trends Sdn Bhd ("ADTSB").

He is responsible for business development, product development, and strategic planning in charting long term objectives and growth of MLSB and ADTSB. Under his leadership and guidance, MLSB has emerged as a market leader in the retail industry.

TEOH WAH LEONG *Executive Director*

A Malaysian, aged 38, 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 manufacturing of automotive leather seat covers for the domestic aftermarket. Within 2 years, MRZ Car Seat had become the number 1 player in the Malaysian aftermarket leather seat cover industry.

With the Malaysian automotive leather seat cover aftermarket well in hand, he then focused on Pecca Leather Sdn Bhd ("Pecca Leather"). He secured 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. Teoh Hwa Peng is also a substantial share holder 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 pages 29 to 30 of this Annual Report and the Circular to Shareholders dated 20 August 2009, 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 20 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 93 of this Annual Report.

The Board of Directors of MESB Berhad is pleased to present the Audit Committee Report for the financial period ended 31 March 2009.

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

Wong Tuck Song - Non-Independent Non-Executive Director

During the financial period ended 31 March 2009, the Audit Committee met six (6) times. The details of the attendance of each Audit Committee member during their respective tenure in the financial period ended 31 March 2009 are shown below:

	Meeting Attendance						Total
	27.02.08	25.04.08	27.05.08	27.08.08	26.11.08	25.02.09	
Chairman							
Tai Keat Chai <i>(Independent Non-Executive Director)</i> <i>(Resigned on 30 November 2008)</i>	✓	✓	✓	✓	✓	—	5/5
Saffie Bin Bakar <i>(Independent Non-Executive Director)</i> <i>(Appointed as Audit Committee Member on 13 April 2004 and was subsequently re-designated as Audit Committee Chairman on 24 February 2009)</i>	—	—	—	—	—	✓	1/1*
Members							
Saffie Bin Bakar <i>(Independent Non-Executive Director)</i> <i>(Appointed as Audit Committee Member on 13 April 2004 and was subsequently re-designated as Audit Committee Chairman on 24 February 2009)</i>	✓	✓	✓	✓	✓	—	5/5*
Wong Tuck Song <i>(Non-Independent Non Executive Director)</i> <i>(Appointed on 5 August 2008)</i>	—	—	—	✓	✓	✓	3/3
Teoh Wah Leong <i>(Executive Director)</i> <i>(Resigned on 5 August 2008)</i>	✓	✓	✓	—	—	—	3/3
Yam Kin Lum <i>(Independent Non-Executive Director)</i> <i>(Appointed on 24 February 2009)</i>	—	—	—	—	—	✓	1/1

Note * - Encik Saffie Bin Bakar attended all six (6) meetings held during the financial period ended 31 March 2009, of which, he attended five (5) meetings as a member of the Audit Committee and one (1) meeting as Chairman of the Audit Committee.

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;
 - (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; orfulfills 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;

**TERMS OF REFERENCE** (cont'd)**Rights** (cont'd)

- (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;
- (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;

TERMS OF REFERENCE (cont'd)**Duties** (cont'd)

- (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.
- (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 verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the employees' share scheme, at the end of each financial year.
- (11) 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.

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 period 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 they were 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 practicality of such control mechanism.

During the financial period under review, the audit fees and field work expenses incurred for the internal audit function were approximately RM34,000.00

The activities of the internal audit function during the financial period ended 31 March 2009 were as follows:

1. execution of the approved internal audit plan.

**INTERNAL AUDIT FUNCTION** (cont'd)

2. presentation of the internal audit findings at the Audit Committee meetings and recommendations for improvement;
3. conducted follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed timelines.
4. developed the risk-based internal audit plan for year 2009.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Further details of the internal audit function are set out in the Statement on Internal Control on pages 26.

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 period under review, there were no options granted to the eligible employees of the Group pursuant to the Scheme.

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 of the Bursa Malaysia Securities Berhad Listing Requirements for the Main Market.

BOARD DIRECTORS

Composition

The Group is led by an effective and experienced Board with members from different backgrounds possessing a wide range of expertise. Together they bring a broad range of skills, experience and knowledge which give added strength to the leadership in managing and directing the Group's operations.

The Board recognises its key role in charting the strategic direction, development and control of the Group which would 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 comprises 7 members, of whom, 2 are Independent Non-Executive Directors, 1 Non-Independent Non-Executive Director and 4 Executive Directors (including the Chairman). 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 operations 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.

The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director is not necessary at this stage as the Chairman fully encourages active participation by Directors at Board Meetings.

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.

There is also balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, Independent Non-Executive Directors ensure that the strategies proposed by the Executive Management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

BOARD DIRECTORS (cont'd)**Board Meetings**

During the financial period ended 31 March 2009, the Board met 6 times to deliberate and consider the Group's financial performance and results and other matters relevant to the Group's operations. Details of the attendance of the Board members are as follows:

Name of Director	Designation	No. of Meetings Attended
Y.M. Dato' Paduka Sharipah Hishmah Binti Sayed Hassan (Appointed on 6 May 2008)	Executive Chairman	3/4
Teh Hwa Peng	Executive Director	6/6
Teh Wah Leong	Executive Director	6/6
Ng Chee Leong (Appointed on 27 August 2008)	Executive Director	2/2
Wong Tuck Song	Non-Independent Non-Executive Director	6/6
Saffie Bin Bakar	Independent Non-Executive Director	6/6
Yam Kin Lum (Appointed on 24 February 2009)	Independent Non-Executive Director	1/1

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 distributed in advance of Board Meetings to allow Directors sufficient time to review the Board papers.

Minutes of the previous Board Meeting are circulated in advance of Board Meeting for review and confirmation at each Board Meeting. Matters requiring further actions and updates arising from previous Board Meeting are separately identified at each Board Meeting to ensure all outstanding issues are sufficiently addressed and followed through and all further information is provided for decision making.

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

The Board is updated with the latest development in the statutory and regulatory requirements relating to the duties and responsibilities required by Directors. 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 expense.

BOARD DIRECTORS (cont'd)

Appointments and Re-election of Directors

Any appointment of a new Director to the Board 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 members of the Board have attended and successfully completed the Mandatory Accreditation Program as prescribed by Bursa Malaysia Securities Berhad.

For the financial period ended 31 March 2009, the Directors have attended a training on the topic "Business Continuity Awareness" organised by Bursatra Sdn Bhd. The following Director has also attended workshops or seminars as listed below:

Saffie Bin Bakar	Commercial Contracts Masterclass 2008- Joint-Venture Agreements
	Due Diligence Management
	Implementing an Effective System of Internal Control for SMEs and Public Companies
	Forensic Accounting: Detecting, Controlling & Preventing Fraud
	Seminar on Investment in Agriculture Sector for Private Co. and Entrepreneurs
	Analyzing and Interpreting Financial Statements
	Internal Controls Masterclass
	Transactions by Directors and Implications of Section 131 to Section 135 of Companies Act 1965
	Law, Practice and Procedure of Arbitration – The Arbitration Act 2005 Perspective

The Directors have also benefited from various updates on regulatory and legal developments briefed by the Company Secretaries during Board meetings from time to time, with the intention of keeping the Directors abreast with the regulatory and legal related developments.

The Board of Directors are encouraged to evaluate their own training needs on a regular basis and to determine the relevant programmes, seminars or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.



BOARD COMMITTEES

The following principal Board Committees that have been established to assist the Board in discharging 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 to the Board with their recommendations. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

(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 maintains a transparent professional relationship with them.

The report of the Audit Committee is set out on pages 12 to 18 of this Annual Report.

(b) Nomination Committee

The Nomination Committee has three (3) members and comprises exclusively of Non-Executive Directors:

Chairman

Saffie Bin Bakar - *Independent Non-Executive Director*

Members

Yam Kin Lum - *Independent Non-Executive Director*

Wong Tuck Song - *Non-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

The Remuneration Committee has three (3) members and comprises majority of Non-Executive Directors:

Chairman

Saffie Bin Bakar - *Independent Non-Executive Director*

Members

Yam Kin Lum - *Independent Non-Executive Director*

Ng Chee Leong - *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 aggregate remuneration of Directors for the financial period ended 31 March 2009 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	60	1,119	30	1,209
Non-Executive Directors	76	26	-	102
Total	136	1,145	30	1,311

(b) Directors' remuneration by bands

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 – RM150,000	2	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM500,001 – RM550,000	1	-

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above.

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.

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 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 audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The Audit Committee assists the Board in reviewing the information to be disclosed, to ensure the completeness, accuracy and adequacy of financial

Internal Controls

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Audit Committee is assigned by the Board with the duty to review the adequacy and effectiveness of control procedures and report to the Board on major findings for deliberation.

The Company's internal audit function is outsourced to an independent professional firm, which reports directly to the Audit Committee and assists the Board in monitoring and managing risks and internal controls.

The Statement on Internal Control set out on pages 26 to 27 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with External Auditors

Through the Audit Committee, the Board maintains a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. From time to time, the external auditors will highlight to the Audit Committee and the Board on matters that require their attention.

Information on the role of Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 12 to 18 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE ANNUAL AUDITED 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 of the Company and of the Group for the financial period ended 31 March 2009, 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.

The Directors are responsible 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 which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INTRODUCTION

The Board is pleased to provide a statement on the state of the internal control of the Group prepared in accordance with Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market and the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance").

BOARD RESPONSIBILITY

The Board of Directors ("the Board") is committed to establishing and maintaining a system of internal control and risk management practices in order to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Compliance with regulatory requirements; and
- Operational results are closely monitored and substantial variances are promptly explained.

The Board also acknowledges its responsibility for reviewing the adequacy and integrity of system of internal control. However, given the inherent limitations in any system of internal control, such a system is designed to manage and control the risk rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is being outsourced to an independent professional firm which reports directly to the Audit Committee. The internal audit function is guided by its Audit Charter and to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting the effectiveness, adequacy and integrity of the Group's system of internal controls.

The internal auditors adopt a risk-based approach towards the planning and conduct of audit which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The internal auditors have closely monitored the implementation progress of the previous audit recommendations in order to obtain assurance that all major risk and control concerns have been, or are being, addressed by the management.

KEY INTERNAL CONTROL PROCESS

The Group's system of internal control comprises the following key elements:

Term of Reference

Clear definition of the terms of reference, i.e., functions, authorities and responsibilities of the committees of the Board and to Management and various Operational Units has been established.

Control Procedures

Significant policies, procedures and practices are adopted by all companies within the Group to ensure clear accountabilities and control procedures are in place for all business units.

Organisational Structure and Accountability Levels

The Group has a defined organisational structure with clear line of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

The Group has a strong team of experienced and committed senior management with relevant industry experience to run and manage the operations and business of the Group.

Reporting and Review

There are regular communication between the Board and the management of the Group to constantly identifying and managing risk that affecting the achievement of the Group's business objectives. The management teams carry out monthly monitoring and review of the financial results and forecast as well as discuss all operational matters. Actual financial results are compared against budgeted results. Any significant matter is brought forward for the Board's consideration and decision.

Internal Audit

Independent internal audit function provides assurance to the Audit Committee through the execution of internal audit visits based on an approved risk-based internal audit plan. Findings arising from internal audit review are presented, together with management's responses and proposed action plans, to the Audit Committee for review.

In assessing the adequacy and effectiveness of the system of internal control of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendation for changes.

CONCLUSION

The Board is of the view that the system of internal control is satisfactory and has not resulted in any material losses, contingencies or uncertainties for the financial year under review. The Group will continue to take the necessary measures to strengthen its internal controls.

1. UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the financial period ended 31 March 2009.

2. SHARE BUY-BACKS

During the financial period ended 31 March 2009, 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").

There were no options granted to the eligible employees of the Group pursuant to the Scheme during the financial period ended 31 March 2009.

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

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

During the financial period ended 31 March 2009, 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 period ended 31 March 2009.

6. NON-AUDIT FEES

During the financial period under review, there were no non-audit fees paid to the external auditors.

7. VARIATION IN RESULTS FOR THE FINANCIAL YEAR

There was a variance of 26% between the unaudited profit attributable to ordinary equity holders of the Company of RM268,000 for the financial period ended 31 March 2009 previously announced on 29 May 2009, compared to the audited profit attributable to ordinary equity holders of the Company of RM198,000 for the financial period ended 31 March 2009. The variance was mainly due to the under provision for taxation of RM70,000.

8. PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial period ended 31 March 2009.

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 47 of the financial statements on page 86 of this Annual Report, there were no other material contracts entered into by the Company and/or its 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 27 June 2008.

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 11 September 2009.

The Company changed its financial year end from 31 December to 31 March. As a result, the financial period under review is from 1 January 2008 to 31 March 2009. Details of the RRPT in the normal course of business of MESB Group made during the financial period ended 31 March 2009 are as follows:

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	Aggregate value from 1 January 2008 to 31 March 2009 (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")	714	<ul style="list-style-type: none"> 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
Fook Cheong Trading	Miroza	Sale of designated products from Miroza to Fook Cheong Trading	47	Teoh Hwa Peng's sister, Teoh Kah Choon, is a partner in Fook Cheong Trading

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS (cont'd)

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	Aggregate value from 1 January 2008 to 31 March 2009 (RM'000)	Related Parties
Roncato Sdn Bhd	Miroza	Sale of designated products from Miroza to Roncato Sdn Bhd ("Roncato")	1,188	<ul style="list-style-type: none"> • 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 Kim, is a director and shareholder of Roncato
Roncato Sdn Bhd	Theme Fashion (M) Sdn Bhd ("Theme") (Theme ceased to be a subsidiary of MESB Group on 25 November 2008)	Sale of shoes from Theme to Roncato	NIL	<ul style="list-style-type: none"> • Teoh Hwa Peng was previously a director of Theme. He is a Major Shareholder of MESB. • Teoh Hwa Peng is a director and shareholder of Roncato • Teoh Hwa Peng's spouse, Tan Sok Kim, is a director and shareholder of Roncato Sdn Bhd
MRZ Car Seat Sdn Bhd	Miroza	Rental of office	63	Teoh Hwa Peng's brother, Teoh Hwa Leong and mother Tan Siew Eng are directors and shareholders of MRZ Car Seat Sdn Bhd

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group for the 15 months financial period ended 31 March 2009.

FINANCIAL PERFORMANCE

The Group changed its financial year end from 31 December to 31 March. As a result, the financial period under review is from 1 January 2008 to 31 March 2009. The comparatives for the Income Statements, Statement of Changes in Equity and Cash Flow Statements as well as the comparatives in the notes to the financial statements relating to Income Statements for the previous twelve (12) months ended 31 December 2007 are hence not comparable to that for the current fifteen (15) months ended 31 March 2009.

The Group recorded revenue of RM129 million for the financial period ended 31 March 2009. The trading and engineering division contributed to the overall revenue growth of the Group. Pre-tax profit for the financial period under review stood at RM3.41 million, against RM0.50 million registered for the preceding 12 months financial year ended 31 December 2007.

The marked improvement in revenue and pre-tax profit for the financial period ended 31 March 2009 was mainly attributed to:

- contribution from retailing division in the garment business;
- contribution from engineering division in the leasing of telecommunication towers in the state of Melaka; and
- share of profit of an associate company involved in the leasing of telecommunication towers in the State of Penang.

DIVIDENDS

No dividend has been declared for the financial period ended 31 March 2009.

PROSPECTS

In the year ahead, the prevailing global economic upheaval has the potential to affect many companies across a spectrum of businesses, not only to those in the financial services. In exceedingly difficult conditions, overall business confidence has suffered and consumers are beginning to act in a highly defensive manner, changing their consumption patterns and reducing unnecessary spending.

With the challenging and uncertain global economy, coupled with the ever increasing competitive environment in securing new projects and lower consumer spending, the Group shall continue to review and streamline its strategies for its current core businesses to mitigate the adverse effect of the economy.

Barring unforeseen circumstances, the Group is cautiously optimistic of its performance for the financial year ending 31 March 2010 will remain satisfactory.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As part of its social responsibility to the community, the Group continues its effort in supporting and contributing to various corporate social responsibility activities. In line with this, employees are encouraged to minimize the impact of carbon footprint on environment through our work ethics. In particular, areas such as improved energy conservation, control of paper usage (going as paperless as possible) and waste reduction.

As a requirement from Department of Occupational Safety and Health (DOSH) and the Department of Environment (DOE), the company diligently follows these standards of occupational safety and health awareness programs for our employees and contractors. This includes providing regular training and motivation for our staff and encouraging them to participate in healthy activities.

DIRECTORATE

The Board welcomes Mr. Ng Chee Leong and Mr. Yam Kin Lum to the Board. With their wealth of knowledge and experience, the Board looks forward to their active contribution.

The Board would also like to record its appreciation to Mr. Tai Keat Chai and Mr Wong Kum Chee who resigned on 30th November 2008 and 31st July 2008 respectively.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to record our sincere appreciation to all our valued customers, business associates, bankers, the authorities and shareholders for their continued support and confidence in us.

To our Management and staff, I thank them for their continued dedication, support and commitment to the Group.

Y.M. Dato' Paduka Sharipah Hishmah Binti Sayed Hassan
Executive Chairman

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2008 to 31 March 2009.

CHANGE OF ACCOUNTING YEAR END

The Group and the Company changed its accounting year end from 31 December to 31 March.

The directors are of the opinion that there are administrative conveniences in changing the annual financial year end to 31 March.

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 period.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit/(Loss) attributable to equity holders of the Company	198	(1,184)

DIVIDENDS

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

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 period,

- (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 period are as follows:-

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

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH GRANTED UNDER OPTION
At 1 January 2008	4,516,000
Cancellation due to staff resignations	(2,269,000)
At 31 March 2009	2,247,000

The salient features of the ESOS are 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 period, no options were granted by the Company to any person to take up any unissued shares in the Company, except for those granted pursuant to the ESOS.

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 all known bad debts had been written off 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 further 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 liability of the Company is disclosed in Note 49 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 period 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 period.

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 period 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 period 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 period 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 period.

DIRECTORS

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

TEOH HWA PENG

SAFFIE BIN BAKAR

TEOH WAH LEONG

WONG TUCK SONG

Y.M. DATO' PADUKA SHARIPAH HISHMAH BINTI SAYED HASSAN (APPOINTED ON 6.5.2008)

WONG KUM CHEE (RESIGNED ON 31.7.2008)

NG CHEE LEONG (APPOINTED ON 27.8.2008)

TAI KEAT CHAI (RESIGNED ON 30.11.2008)

YAM KIN LUM (APPOINTED ON 24.2.2009)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH			AT 31.3.2009
	AT 1.1.2008	BOUGHT	SOLD	
THE COMPANY				
DIRECT INTERESTS				
TEOH HWA PENG	6,874,100	5,399,999	-	12,274,099
TEOH WAH LEONG	2,400,000	-	(2,400,000)	-
NG CHEE LEONG	-	335,000	-	335,000
DEEMED INTERESTS				
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.

	NUMBER OF ORDINARY SHARES OF RM1 EACH UNDER OPTION			AT 31.3.2009
	AT 1.1.2008	OPTIONS GRANTED	OPTIONS EXERCISED	
INTERESTS IN OPTIONS IN THE COMPANY				
WONG TUCK SONG	150,000	-	-	150,000

By virtue of his shareholding 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 period did not have any interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, 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 47 to the financial statements.

Neither during nor at the end of the financial period, was the Company or any of its subsidiaries 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 EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 51 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 JULY 2009**

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 41 to 89 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 2009 and of their results and cash flows for the financial period ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 JULY 2009

Teoh Hwa Peng

Ng Chee Leong

STATUTORY DECLARATION

I, **Teoh Hwa Peng**, VC 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 41 to 89 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, VC No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory
on this 24 July 2009

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

Teoh Hwa Peng

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the balance sheets as at 31 March 2009 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 period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 89.

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 2009 and of their financial performance and cash flows for the financial period 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.

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

24 July 2009

James Chan Kuan Chee
Approval No: 2271/10/09 (J)
Partner

BALANCE SHEETS
AT 31 MARCH 2009

	NOTE	THE GROUP		THE COMPANY	
		31.3.2009 RM'000	31.12.2007 RM'000	31.3.2009 RM'000	31.12.2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	59,589	59,589
Investment in an associate	7	2,273	1,115	660	660
Property, plant and equipment	8	28,880	29,557	2	3
Prepaid land lease payments	9	2,537	2,575	-	-
Other investments	10	60	21	40	-
Intangible asset	11	34	42	-	-
Other assets	12	3,941	3,953	-	-
Goodwill on consolidation	13	24,616	24,661	-	-
Deferred tax assets	14	-	561	-	-
		62,341	62,485	60,291	60,252
CURRENT ASSETS					
Inventories	15	21,422	19,190	-	-
Amount owing by contract customers	16	633	4,425	-	-
Trade receivables	17	21,133	25,314	-	-
Other receivables, deposits and prepayments	18	4,755	5,064	117	101
Amount owing by subsidiaries	19	-	-	2,464	3,174
Tax recoverable		439	1,065	-	188
Short-term deposits with a licensed bank	20	-	1,764	-	-
Fixed deposits with licensed banks	21	11,433	12,790	-	-
Cash and bank balances		5,401	2,715	1	#
		65,216	72,327	2,582	3,463
TOTAL ASSETS		127,557	134,812	62,873	63,715
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	42,000	42,000	42,000	42,000
Share premium	23	5	5	5	5
Capital reserve	24	37	37	37	37
Retained profits	25	1,795	1,597	8,946	10,130
SHAREHOLDERS' EQUITY		43,837	43,639	50,988	52,172
MINORITY INTERESTS		3,870	2,790	-	-
TOTAL EQUITY		47,707	46,429	50,988	52,172

- Amount less than RM1,000.

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

	NOTE	THE GROUP		THE COMPANY	
		31.3.2009 RM'000	31.12.2007 RM'000	31.3.2009 RM'000	31.12.2007 RM'000
NON-CURRENT LIABILITIES					
Hire purchase payables	26	462	468	-	-
Term loans	27	19,259	4,493	-	-
Istisna' Medium Term Notes ("IMTN")	28	-	10,000	-	-
Deferred tax liabilities	14	207	-	-	-
		19,928	14,961	-	-
CURRENT LIABILITIES					
Amount owing to contract customers	16	3,934	3,768	-	-
Trade payables	29	19,417	15,986	-	-
Other payables and accruals	30	5,739	6,954	489	164
Amount owing to a subsidiary	19	-	-	5,020	4,633
Amount owing to a director	31	6,376	6,746	6,376	6,746
Provision for taxation		565	416	-	-
Hire purchase payables	26	439	397	-	-
Term loans	27	5,297	730	-	-
Bankers' acceptances	32	15,881	27,152	-	-
Revolving credits	33	-	4,870	-	-
Trust receipts	34	-	2,973	-	-
Bank overdrafts	35	2,274	3,430	-	-
		59,922	73,422	11,885	11,543
TOTAL LIABILITIES		79,850	88,383	11,885	11,543
TOTAL EQUITY AND LIABILITIES		127,557	134,812	62,873	63,715
NET ASSETS PER SHARE (RM)	36	1.04	1.04		

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

INCOME STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 31 MARCH 2009

	NOTE	THE GROUP		THE COMPANY	
		1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000	1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000
REVENUE	37	128,562	128,538	-	600
COST OF SALES	38	(57,845)	(75,084)	-	-
GROSS PROFIT		70,717	53,454	-	600
OTHER INCOME		1,342	1,138	-	-
		72,059	54,592	-	600
SELLING AND DISTRIBUTION EXPENSES		(36,041)	(23,513)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(29,891)	(27,942)	(1,196)	(1,396)
FINANCE COSTS		(3,927)	(3,089)	(230)	(202)
SHARE OF PROFIT IN AN ASSOCIATE		1,214	452	-	-
PROFIT/(LOSS) BEFORE TAXATION	39	3,414	500	(1,426)	(998)
INCOME TAX EXPENSE	40	(1,948)	(1,061)	242	(162)
PROFIT/(LOSS) AFTER TAXATION		1,466	(561)	(1,184)	(1,160)
ATTRIBUTABLE TO:					
Equity holders of the Company		198	(624)	(1,184)	(1,160)
Minority interests		1,268	63	-	-
		1,466	(561)	(1,184)	(1,160)
Earnings/(Loss) Per Share					
- Basic	41	0.47sen	(1.49 sen)		
- Diluted	41	Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 31 MARCH 2009

THE GROUP	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →					MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000		
Balance at 1.1.2007	42,000	5	37	2,221	44,263	2,624	46,887
Subscription of shares in subsidiaries	-	-	-	-	-	245	245
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	(142)	(142)
(Loss)/Profit after taxation for the financial year	-	-	-	(624)	(624)	63	(561)
Balance at 31.12.2007/1.1.2008	42,000	5	37	1,597	43,639	2,790	46,429
Subscription of shares in a subsidiary	-	-	-	-	-	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	42,000	5	37	1,795	43,837	3,870	47,707
THE COMPANY							
Balance at 1.1.2007	42,000	5	37	11,290	53,332	-	53,332
Loss after taxation for the financial year	-	-	-	(1,160)	(1,160)	-	(1,160)
Balance at 31.12.2007/1.1.2008	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 31.3.2009	42,000	5	37	8,946	50,988	-	50,988

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 31 MARCH 2009

NOTE	THE GROUP		THE COMPANY	
	1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000	1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	3,414	500	(1,426)	(998)
Adjustments for:-				
Allowance for doubtful debts	13	353	-	-
Amortisation of intangible asset	8	6	-	-
Amortisation of other investments	1	1	-	-
Amortisation of prepaid land lease payments	38	30	-	-
Bad debts written off	2	-	-	-
Depreciation of property, plant and equipment	3,703	2,903	1	1
Equipment written off	614	687	-	-
Interest expense	3,927	3,089	230	202
Loss on disposal of a subsidiary	190	-	-	-
Dividend income	-	-	-	(600)
Gain on disposal of equipment	(243)	(158)	-	-
Interest income	(458)	(316)	-	-
Share of profit in an associate (Write-back)/Allowance for foreseeable losses	(1,214)	(452)	-	-
Write-back of inventories written down	(81)	(62)	-	-
Operating profit/(loss) before working capital changes	9,220	7,564	(1,195)	(1,395)
(Increase)/Decrease in inventories	(2,151)	343	-	-
Decrease/(increase) in trade and other receivables	3,777	4,431	(16)	-
Increase/(Decrease) in trade and other payables	3,435	(2,144)	325	11
Decrease/(increase) in amount owing by contract customers, net	4,652	(7,039)	-	-
CASH FROM/(FOR) OPERATIONS	18,933	3,155	(886)	(1,384)
Income tax (paid)/refunded	(425)	(309)	430	12
Interest paid	(3,927)	(3,089)	(230)	(202)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	14,581	(243)	(686)	(1,574)

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

cash flow statements

for the financial period from 1 January 2008 to 31 March 2009 (cont'd)

NOTE	THE GROUP		THE COMPANY	
	1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000	1.1.2008 to 31.3.2009 RM'000	1.1.2007 to 31.12.2007 RM'000
BALANCE BROUGHT FORWARD	14,581	(243)	(686)	(1,574)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Additional investment in subsidiaries	-	-	-	*
Cash inflow from disposal of a subsidiary 42	14	-	-	-
Purchase of other investments	(40)	-	(40)	-
Proceeds from disposal of plant and equipment	341	269	-	-
Purchase of property, plant and equipment 43	(3,803)	(6,593)	-	(4)
Dividends paid to minority interests	(280)	(142)	-	-
Dividends received	-	-	-	438
Interest received	458	316	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(3,310)	(6,150)	(40)	434
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares to minority interests	280	245	-	-
(Redemption)/Drawdown of IMTN	(10,000)	10,000	-	-
Repayment to a director	(370)	(1,345)	(370)	(1,345)
Net advances from/(repayment to) subsidiaries	-	-	1,097	2,482
Repayment of hire purchase obligations	(679)	(435)	-	-
Drawdown of term loans	21,379	1,376	-	-
Repayment of term loans	(2,046)	(1,054)	-	-
(Decrease)/Increase in bankers' acceptances, revolving credits and trust receipts	(19,114)	2,714	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(10,550)	11,501	727	1,137
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	721	5,108	1	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	13,839	8,731	#	3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR 44	14,560	13,839	1	#

* - Equivalent to RM2.

- Amount less than RM1,000.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 31 MARCH 2009

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,
Sg. 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 24 July 2009.

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 period.

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 transaction that are denominated in foreign currencies.

Foreign currency risk is managed to an acceptable level.

(ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from deposits and borrowings. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with 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.

(iii) Price Risk

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

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(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 has no significant concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by seeking to invest cash assets safely and profitably, assessing counterparties' financial standings on a going concern basis, and 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.

The Group 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 and of the Company 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 ("FRSs") and the Companies Act 1965 in Malaysia.

(a) During the current financial period, the Group has adopted the following:

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 120 is not relevant to the Group's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements.