2012 ANNUAL REPORT

MESB
BERHAD
337554-D

LAPORAN TAHUNAN

RETAIL DIVISION

Contents

NOTICE OF THE SEVENTEENTH
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of **MESB BERHAD** will be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur on Friday, 21 September 2012 at 9.30 a.m. for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and Auditors thereon. — ***Please refer to Note A***

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

   (i) Saffie Bin Bakar — ***Ordinary Resolution 1***
   (ii) Teoh Hwa Peng — ***Ordinary Resolution 2***

3. To approve the payment of Directors' fees amounting to RM108,000.00 for the financial year ended 31 March 2012. — ***Ordinary Resolution 3***

4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 4***

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary / Special Resolutions with or without modifications:

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSAL")** — ***Ordinary Resolution 5***

   "**THAT**, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 2.4 of the Circular to Shareholders dated 30 August 2012, 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 executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposal."

6. **SPECIAL RESOLUTION**

Special Resolution 1

- Proposed Amendments to the Articles of Association of the Company

"**THAT** the proposed amendments to the Articles of Association of the Company as contained in the Appendix A attached to the 2012 Annual Report be and are hereby approved and adopted **AND THAT** the Directors and Secretary of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company."

By Order of the Board

PANG CHIA TYNG (MAICSA 7034545)
NALINI A/P SUBRAMANIAM (LS 0009571)
Company Secretaries

Kuala Lumpur
30 August 2012

NOTICE OF THE SEVENTEENTH Annual General Meeting
(cont'd)

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 Symphony Share Registrars Sdn Bhd, Level 6 Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan 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. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be Friday, 14 September 2012.

8. Explanatory Notes on Special Business:

   (i) **Ordinary Resolution 5**
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")

   Further information on the Proposal is set out in the Circular to Shareholders dated 30 August 2012 which is circulated together with the 2012 Annual Report of the Company.

   (ii) **Special Resolution 1**
   Proposed Amendments to the Articles of Association of the Company

   The proposed Special Resolution 1, if passed, will streamline the Company's Articles of Association to be in line with the latest Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prevailing regulatory requirements and market practices as well as to render clarity and consistency throughout.

- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"That the following Existing Articles in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

<table>
<tr><th>Existing Article</th><th colspan="2">Proposed Article</th></tr>
<tr><td rowspan="2"><u>Article 2</u> - Interpretation clause
Nil</td><td colspan="2"><u>Article 2</u> - Interpretation clause
New Definition</td></tr>
<tr><td><u>Words</u>
Exempt authorised nominee</td><td><u>Meanings</u>
An authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</td></tr>
<tr><td><u>Article 60</u> - No business unless quorum is present
No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five (5) members present in person or by proxy shall be a quorum. For the purposes of this Article "member" includes a person attending as a proxy or representing a corporation which is a member.</td><td colspan="2"><u>Article 60</u> - No business unless quorum is present
No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) members present in person or by proxy shall be a quorum. For the purposes of this Article "member" includes a person attending as a proxy or representing a corporation which is a member.</td></tr>
<tr><td><u>Article 67</u> – Voting
Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote in person or by proxy who may but need not be a member of the Company or by attorney and on show of hands every person who is a member or representative or proxy of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or other duly uthorized representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll.</td><td colspan="2"><u>Article 67</u> – Voting
Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote in person or by proxy who may but need not be a member of the Company or by attorney and on show of hands every person who is a member or representative or proxy of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or other duly uthorized representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.</td></tr>
</table>

Existing Article	Proposed Article
<u>Article 72</u> - Instrument appointing proxy to be in writing The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly uthorized in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly uthorized. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demand or join in demanding a poll. A member shall not be entitled to appoint **more than two (2) proxies** to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.	**<u>Article 72</u> - Instrument appointing proxy to be in writing** The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly uthorized in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly uthorized. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company **and there shall be no restriction as to the qualification of the proxy**. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demand or join in demanding a poll. A member shall not be entitled to appoint **one (1) proxy** to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
<u>Article 72A</u> Where a member of the Company is an uthorized 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.	**<u>Article 72A</u> - Proxy of authorised nominees** (1) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint **only** 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. **(2) Appointment of multiple proxies where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each.**

Existing Article	Proposed Article
Nil	**New Article 72B - General meetings by electronic means** All general meetings shall be held within Malaysia and such meeting may be held within Malaysia at more than one venue by telephone, audio-visual or video-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without the need for a member to be in the physical presence of the other members (hereinafter referred to as "Members Video-Conference Meeting") and participation in the Members Video-Conference Meeting shall be deemed to constitute presence in person at such meeting. The members participating in any such Members Video-Conference Meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum at all times for such Members Video-Conference Meeting, all resolutions agreed by the members in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held. A member may disconnect or cease to participate in the Members Video-Conference Meeting if he makes known to all other members participating that he is ceasing to participate in the meeting and such member shall, notwithstanding such disconnection, be counted in the quorum for such meeting. The minutes of such a Members Video-Conference Meeting signed by the Chairman or any other Director or member duly appointed as chairman of the meeting shall be conclusive evidence of any resolution of any Members Video-Conference Meeting. A Members Video-Conference Meeting is deemed to be held at the place agreed upon by the members attending the meeting, provided that at least two (2) of the members participating in the meeting was at that place for the duration of the meeting.

Existing Article	Proposed Article
<u>Article 73</u> - Form of proxy **<u>Notes:</u>** 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. 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. 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. 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. The instrument appointing a proxy must be deposited at the Registered Office of the Company______________________ (address of registered office) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. 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.	**<u>Article 73</u> - Form of proxy** **<u>Notes:</u>** The notes to the form of proxy shall be stated in accordance with the provisions of these Articles, the Act or Listing Requirements, as the case may be.

Existing Article	Proposed Article
Article 145 - When service effected Any notice or other document if served by post shall be deemed to be served in the case of a member having an address for service in Peninsular Malaysia two (2) days following that on which a properly stamped letter containing the same is posted in Peninsular Malaysia and in the case of a member having an address for the service in East Malaysia four (4) days following that on which the letter suitably stamped at airmail rates containing the same is posted within Peninsular Malaysia. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a post office letter box or by a letter from the Company Secretary certifying that the notice or document has been posted.	**Article 145 - When service effected** Any notice or other document, if served or sent by post or telegram, shall be deemed to have been served or delivered at the time when the letter or telegram containing the same would in the ordinary course be delivered, and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a pre-paid letter or that the telegram was properly addressed and handed into the post office for dispatch.

CORPORATE Information

DIRECTORS

SAFFIE BIN BAKAR
(Senior Independent Non-Executive Director)

NG CHEE LEONG
(Executive Director)

TAN YEW KIM
(Independent Non-Executive Director)

YAM KIN LUM
(Independent Non-Executive Director)

TEOH HWA PENG
(Executive Director)

TEOH WAH LEONG
(Executive Director)

AUDIT COMMITTEE

SAFFIE BIN BAKAR
(Chairman of Audit Committee)

YAM KIN LUM

TAN YEW KIM

NOMINATION COMMITTEE

SAFFIE BIN BAKAR
(Chairman of Nomination Committee)

YAM KIN LUM

TAN YEW KIM

REMUNERATION COMMITTEE

SAFFIE BIN BAKAR
(Chairman of Remuneration Committee)

YAM KIN LUM

NG CHEE LEONG

REGISTERED OFFICE

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

SHARE REGISTRAR

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

COMPANY SECRETARIES

Pang Chia Tyng (MAICSA 7034545)
Nalini A/P Subramaniam (LS 0009571)

AUDITORS

Crowe Horwath
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2788 9999
Fax : 03-2788 9998

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Public Bank Berhad
Bank Muamalat Malaysia Berhad

STOCK EXCHANGE LISTING:

Main Market
Bursa Malaysia Securities Berhad
Sector: Trading/Services
Stock Code: 7234

MESB
BERHAD
(337554-D)

100% **MESB CAPITAL & DEVELOPMENT SDN BHD**
(formerly known as Maintenance Capital & Development Sdn Bhd)
206455-X

100% **MESB DEVELOPMENT SDN BHD**
197822-T

100% **CRYSTAL UNITED SDN BHD**
183473-U

100% **MESB AGRICULTURE SDN BHD**
784056-K

100% **MIROZA LEATHER (M) SDN BHD**
242474-V

PROFILE OF Directors

SAFFIE BIN BAKAR JMN, SMP, AMP, PJK

Senior Independent Non-Executive Director

A Malaysian, aged 58, was appointed to the Board on 19 March 2004. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He has more than 33 years of management expertise especially in the areas of project planning, business development, property development, human resources management, project management, cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPOs), Reverse Takeoves (RTOs), Mergers and Acquisitions (M&As) and General Offer (GO).

From 1978 to 1983, he was attached to the Perlis State Government, he was involved in Economic Planning and served as Assistant State Secretary. Prior to his optional retirement in 1994 he held the position of Business Development Manager in Perlis State Economic Development Corporation (SEDC).

He graduated from the U.S International University (USIU), San Diego, California in 1988 with a Masters of Business Administration (M.B.A) and he has attended various programmes relating to corporate governance, risk management, internal control and investor relations.

He is an Associate Member of Certified System Investigator (CSI) World Headquarters, Singapore, a Member of Malaysian Institute of Corporate Governance (MICG), Transparency International - Malaysia (T.I-M), Malaysia Crime Prevention Foundation (MCPF), a life member of Malaysian Drug Prevention Association, a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM), a Committee Member of Malaysian Exporters Association (MEXPA) and Co-Chairman of the Special Task Forces to Facillitate Business (PEMUDAH) for Perlis State.

Other posts held by him are the Advisor to Shorubber (Malaysia) Sdn.Bhd., a Japanese OBM manufacturer and exporter of industrial gloves. He is also a Director and Audit Committee Member of AE Multi Holdings Berhad (AEM), YEN Global Berhad, Perlis State Economic Development Corporation (SEDC) and a director cum corporate advisor of few private limited companies in Malaysia.

TAN YEW KIM

Independent Non-Executive Director

A Malaysian, aged 54, was appointed to the Board on 10 February 2010. He is a member of the Audit Committee and Nomination Committee.

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

He is the senior partner of his own public accounting firm, Y.K. Tan, Lee & Associates., and he also holds the directorship of several private limited companies.

Mr. Tan is also member of the committee of various associations and board of governor of two primary schools.

NG CHEE LEONG

Executive Director

A Malaysian, aged 48, was appointed to the Board on 27 August 2008. He is a member of the Remuneration Committee.

In 1990, he served with men's fashion company marketing the "Playboy" brand of men's wear in Malaysia. Later, he was promoted to Marketing Manager and was then headhunted to join MCL Bhd as Marketing Director in charge of some eleven brands.

In 1998, he cofounded A.D. Trends Sdn Bhd , agents garment marketing company, MESB Berhad acquired 80% equity of A.D. Trends Sdn Bhd in 2005 and retained Mr Ng Chee Leong as its executive director . In year 2009, this subsidiary was disposed off with a handsome capital gain.

He play an active role in the management of Group's retailing division, he is responsible overseeing the business policies and strategies of Group's retailing business.

He has more than 20 years' experience in Men's fashion wear business as well 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.

YAM KIN LUM

Independent Non-Executive Director

A Malaysian, aged 64, 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 senior management expertise in medium to large size organizations. He was engaged as the Financial Controller of Alor Setar Securities Sdn Bhd from June 1986 to June 1992 and served as the Group Admin. and Finance Director of a public listed company in Malaysia. He had also served as the Chief Exectuive Office in IKE Marketing Sdn Bhd 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.

During the intermit lent years, from 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 and listing in the exchange, providing services in negotiations of purchase or sale of businesses and preparation of business write-ups for specified purposes.

TEOH HWA PENG

Executive Director

A Malaysian, aged 45, was appointed to the Board on 22 June 2006. He is responsible for formulating the Group's strategic direction along with the rest of the Board. He is widely acknowledged as the driving force behind the Group's growth and success in its core business of leather products and handbag trading.

He had an illustrious career spanning more than 20 years in leather industry. He set up his own factory in manufacturing leather products for third party brands in Malaysia and overseas. Following the success of his manufacturing business he founded Miroza Leather (M) Sdn Bhd ("Miroza"), a 100% owned subsidiary of the Company. Miroza involved in manufactures and markets internationally renowned brands under exclusive licensing such as Pierre Cardin, Pierre Balmain, Alain Delon, and lately acquired a brand in the name of 'GIAMAX' and 'GMX', In addition, Miroza is develops and markets its own house brand "Giossardi", which is fast gaining consumer acceptance in Malaysia.

He also holds directorships in several private limited companies in Malaysia involving various businesses.

TEOH WAH LEONG

Executive Director

A Malaysian, aged 41, 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.

He held various senior executive positions in several private companies involving in manufacturing and fittings of automotive leather seat covers, property developments and retailing of leatherware products. He has extensive experience in the manufacturing and retailing sectors. He was actively involved in business licenses acquisitions, formulated and structured the contracts and agreement of retailing businesses.

He was an Executive Director of a private company involved in the manufacturing and fitting of automotive leather seat covers, operating in Malaysia, USA, Europe, Middle East and Singapore. He was responsible for securing several contracts with the Malaysian OEMs (Original Equipment Manufacturer) and expanded into the export market.

Notes to the Directors' Profile:

1. **Family Relationship**

   Teoh Wah Leong and Teoh Hwa Peng are brothers. Teoh Hwa Peng is the spouse to Tan Sok Gim, both are major shareholders of the Company. Teoh Wah Leong is the brother-in-law to Tan Sok Gim.

   Save as disclosed above, the 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 related party disclosures as disclosed under Note 42 to the Audited Financial Statements in this Annual Report and the Circular to Shareholders dated 30 August 2012, which is dispatched together with this Annual Report, 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 in the Statement of Corporate Governance on page 21 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 107 of this Annual Report.

6. **Directorship in other public companies**

   Save for Saffie Bin Bakar, none of the other directors hold any directorship in public companies.

AUDIT COMMITTEE Report

The Board of Directors of MESB Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2012.

COMPOSITION AND MEETINGS

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

Chairman

SAFFIE BIN BAKAR - Senior Independent Non-Executive Director

Members

YAM KIN LUM - Independent Non-Executive Director
TAN YEW KIM - Independent Non-Executive Director

The attendance of the members of the Audit Committee meetings held in the year under review is set out as below:

Name of Audit Committee Chairman / Members	No. of meetings attended
Chairman	
SAFFIE BIN BAKAR *(Senior Independent Non-Executive Director)*	5/5
Members	
YAM KIN LUM *(Independent Non-Executive Director)*	5/5
TAN YEW KIM *(Independent Non-Executive Director)*	5/5

The Company Secretary shall attend the Meeting. The Directors of subsidiaries and/or Accountant may be invited to attend the meeting, where considered necessary. The external auditors attend the meetings at the invitation of the Audit Committee to review the audit plan, the audit report and the audited financial statement.

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.

SUMMARY OF TERMS OF REFERENCE

Composition

The Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members who are Non-Executive Directors and a majority of whom are Independent Directors;

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

(2) The Chairman shall be an Independent Director.

SUMMARY OF TERMS OF REFERENCE (cont'd)

Rights and Authority

In conducting its duties and responsibilities, the Audit Committee shall have the authority to investigate any matter within its terms of reference and to seek full and unrestricted access to information, records and documents relevant to the Group and seek any information it requires from any employee. It shall also have direct communication channels with the External and Internal Auditors, as well as have the authority to engage, consult and obtain independent professional advice whenever it deems fits and able to secure the attendance of other Directors, employees and outsiders with relevant experience and expertise for consultation if it considers necessary.

Duties

(1) To review with the external auditors on:

- (a) the audit plan, its scope, nature and the audit report;
- (b) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- (c) 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 review the adequacy of the scope, functions, competency and resources of the internal audit function and the system of internal controls within the Group;

(3) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors;

(4) To 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; and review the internal audit plan and monitor its implementation;

(5) To review any related party transaction and conflict of interest;

(6) 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;

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

(8) 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; and

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

SUMMARY OF TERMS OF REFERENCE (cont'd)

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) 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.

(3) The Company Secretary or the approved person shall act as the Secretary to the Audit Committee.

(4) The Chairman of the Audit Committee shall report on significant matters and resolutions determined at any Audit Committee meeting to the Board at the next Board meeting.

SUMMARY OF ACTIVITIES

During the financial year under review, the Audit Committee performs the following main activities:

(i) To review 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) To review the annual audited financial statements of the Group and of the Company and recommend it to the Board for approval before release to Bursa Securities and its shareholders.

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

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

(v) To review the audit planning memorandum of the external auditors in terms of their scope of audit prior to their commencement of the annual audit.

(vi) To review 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. These meetings enable the auditors to raise issues encountered in the course of their work directly to the Audit Committee.

(vii) To review the adequacy of the internal audit plan, scope of audit of the internal auditors and ensure that appropriate action is taken by Management in respect of the audit findings and the Committee's recommendations.

(viii) To consider and recommend for approval of the Board the re-appointment of the external auditors and their audit fees.

SUMMARY OF ACTIVITIES (cont'd)

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

(x) To undertake other related duties as may be agreed by the Committee and Board.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to an independent firm who assist the Committee in the discharge of its duties and responsibilities. The Board through the Audit Committee monitored the risks and reviewed the internal controls system to ensure sound internal control system as established and continue to function effectively and satisfactorily within the Group.

The committee members reviews the internal audit report on an annual basis to ensure the adequacy of the internal audit function and approves the annual internal audit plan as well.

During the financial year under review, the audit fees and field work expenses incurred for the internal audit function were RM15,900.00.

The activities of internal audit function were carried out by Internal Audit team during the financial year ended 31 March 2012:

- Reviewed the effectiveness of the functions and procedures in Human Resource of the subsidiary;
- Report findings to Management and Audit Committee with recommendation for rectification; and
- To perform follow-up audit findings.

STATEMENT ON Corporate Governance

The Board of Directors ("the Board") of MESB Berhad 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.

The Board is pleased to set out below the Group in compliance with the recommendation of the principles and the best practices outlined in the Malaysian Code on Corporate Governance ("Code") and Paragraph 15.25 in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

DIRECTORS

The Board

The Group is led by an effective and experienced Board with members from different industry backgrounds possessing a wide range of expertise. The experience and the effective combination of existing technical knowledge is vital for the continual success of the Group.

The Board has overall responsibility for Corporate Governance amongst others which includes the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Groupís system of internal controls and risk management practices.

Board Balance

The Board consists of 6 Directors of whom 3 are Independent Non-Executive Directors and 3 Executive Directors. There is a strong and independent element on the Board, half of the Board comprising of Independent Non-Executive Directors, it bring objective and independent judgement elements into the decision making process of the Board. The Board has the requisite blend expertise, skills and attributes to oversee the Group's growing businesses. The Directors through their vast experiences and qualifications in accounting, financial, legal and business management provide effective contribution and support functions of the Board. With their broad range of skills, experiences and knowledge required to successfully direct the Group's business activities which are vital to its success.

There is a clear demarcation of roles and responsibilities of the Executive Directors and the Independent Non-Executive Directors. The Executive Directors are responsible for ensuring Board effectiveness in constructive deliberation of the corporate direction of the Group. The executive directors also take overall responsibility for overseeing the Group's operation, corporate affairs, developing the Group's business strategies, implementation of policies and decisions of the Board. The Executive Directors are balanced by the presence of Independent Non-Executive Directors who are responsible to provide independent judgment to the decision making of the Board on issues of strategy, standards of conduct, resources, process and safeguarding of interest of minority shareholders.

Saffie Bin Bakar is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and other stakeholders.

Board Meetings

The Board conduct at least four regularly scheduled meetings annually to coincide with the announcement of the Group's quarterly financial results. The Board also meets on an ad-hoc basis to deliberate issues or matters that require expeditious board direction or approval. The composition of the Board and attendance at meetings held in the year under review are as follows:-

Name of Director	Designation	No. of Meetings Attended
Saffie Bin Bakar	Senior Independent Non-Executive Director	7/7
Yam Kin Lum	Independent Non-Executive Director	7/7
Ng Chee Leong	Executive Director	7/7
Teoh Hwa Peng	Executive Director	6/7
Teoh Wah Leong	Executive Director	4/7
Tan Yew Kim	Independent Non-Executive Director	6/7

Supply of Information

Board meetings are held to review the Audit Committee reports, Management reports on the progress of business operations and other businesses matters to consider, and if deemed fit, to approve such proposals that require the sanction of the Board. In order to discharge their responsibilities, Board members are provided with complete, adequate and timely information prior to board meetings for their perusal and consideration well in advance of each meeting to ensure board members are well informed and able to obtain further clarification from the Company Secretary and the Management as and when they arise.

All directors are provided the formal Notice of the Board meetings together with its details board papers and other relevant information concerning the group for perform their responsibilities. Board papers include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, recurrent related party transactions, acquisitions and disposal proposals, updates from Bursa Securities, list of directors' resolutions passed and report the directors' dealings in securities, if any.

The Board has separate and independent access to the Company Secretaries and senior management of the Company and group at all times in carrying out their duties. The Company Secretary or his agent/approved person is attend all Board meeting and meetings of the Committees of the Company in order to ensure that Board procedures are compiled and followed the applicable rules and regulations. 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 at the Group's expense.

In addition, senior Management staff will be invited to present at the Board meeting, where considered necessary, to brief and assist the Directors to clear any doubt or concern and Directors may consult with other employees and seek further information as necessary.

Appointments and Re-election of Directors

Any appointment of a new members to the Board or Board Committees is proposed and recommended by the Nomination Committee.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-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 but shall be eligible for re-election.

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

Directors' Training

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

The Board of Directors keep abreast of developments in the business environment, regulatory and legal developments through participation in seminars, forums, workshop, training and programmes organised by the regulatory bodies and other independent training providers. Board members also were constantly updated by the Company Secretary during the Board meeting on various updates on regulatory and legal development.

During the financial year under review, the following Directors had attended the following programme and seminar:

Name	Date	Seminar / Course
Saffie Bin Bakar	26/05/2011	1) UniMAP International Academic Lecture" - Engineering & Technology For Business", by Prof. Dr.Ciaran O Cathan, President Athlone Insitute of Technology, Ireland.
	16/08/2011	2) NCIA Special Workshop on Corridors and Cities, Perlis State Secretariate, Kangar
	22/08/2011	3) Bursa Governance Program: Assessing The Risk and Control Environment, Bursa Malaysia Berhad Kuala Lumpur.
	24/08/2011	4) Perlis State Economic Planning Unit Seminar on Perlis As A Developed State by 2015, Seri Malaysia Hotel, Kangar.
	12/09/2011 to 4/11/2011	5) Lab Member of PEMANDU, PM Department and NCIA: The Corridors and Cities Lab.", PSDC Bayan Lepas.
	12/10/2011	6) UniMAP Adjunt Professor Academic Lecture on Enterprenuership and Engineering", UniMAP, Kangar.

Directors' Training (cont'd)

Name	Date	Seminar / Course
	02/12/2011	7) Securities Commission - Bursa Malaysia Corporate Governance Week 2011: Risk Management & Internal Controls - Are The Boards Aware What They Are Up Against?", Session by Institute of Internal Auditors Malaysia (IIAM), Bursa Malaysia Berhad, Kuala Lumpur.
	07/12/2011	8) MIDA Seminar On Investment Opportunities in Malaysia: Collaboration Opportunities In The Aerospace Industry, MIEC, LIMA 2011, Langkawi.
	06/12/2011 to 10/12/2011	9) Exhibitor for Cryptographic Communications Security Devices at Langkawi International Maritime & Aerospace Exhibition, (LIMA 2011), MIEC,Langkawi.
Yam Kin Lum	01/12/2011	1) Securities Commission - Bursa Malaysia Corporate Governance Week 2011 : Reporting on CG Practices : What Do People Want To Know?
	02/02/2012	2) Securities Commission - Bursa Malaysia Corporate Governance Week 2011 : Risk Management & Internal Controls - Are The Board Aware What They Are Up Against?
Ng Chee Leong	02/02/2012	1) Securities Commission - Bursa Malaysia Corporate Governance Week 2011 : Risk Management & Internal Controls - Are The Board Aware What They Are Up Against?
Teoh Hwa Peng	02/02/2012	1) Securities Commission - Bursa Malaysia Corporate Governance Week 2011 : Risk Management & Internal Controls - Are The Board Aware What They Are Up Against?
Tan Yew Kim	17/10/2011 04/01/2012 27/02/2012 29/02/2012	1) 2012 Budget Talk 2) Tax Audit & Investigation 3) Enhancing Tax Compliance : Avoiding Common Mistakes And Improving Efficiency 4) MASB ED 72 FRS for SMEs

Save as disclosed above, Mr Teoh Wah Leong was not able to attend any Directors' Training during the financial year end due to overseas travelling and busy schedule.

Board Committees

To facilitate effective execution of its function, the Board has established the following three (3) principal Board Committees to assist the Board in the discharge of its duties effectively:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

Board Committees (cont'd)

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. Nevertheless, 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 maintain a transparent professional relationship with them in seeking professional advice and ensuring compliance with accounting standard in Malaysia.

The Audit Committee also meets with the external auditors at least twice a year without the presence of the Board members.

The report of the Audit Committee is set out on pages 16 to 19 of this Annual Report.

(b) Nomination Committee

The appointment of any new directors to the Board and Board committees is recommended by the Nomination Committee for consideration and approval by the Board. The decision of the nomination should be responsible by the full board after taking consideration the recommendation of Nomination Committee. In considering the these recommendations, the Nomination Committee reviews the required mix of skills, knowledge and experience and other qualities, including core competencies which the Directors should bring to the Board.

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

- Saffie Bin Bakar - Chairman, Senior Independent Non-Executive Director
- Yam Kin Lum - Member, Independent Non-Executive Director
- Tan Yew Kim - Member, Independent Non-Executive Director

The chairman of the Committee chairs the meetings at least once a year and, additionally, if required.

(c) Remuneration Committee

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

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

The Remuneration Committee is responsible for recommendation to the Board the appropriate remuneration packages for the Executive Directors to ensure the Company attracts and retains the individual directors to build the Company successfully. The Remuneration Committee is also responsible to formulate policies, guideline and set criteria for remuneration package for the Executive Directors.

Board Committees (cont'd)

(c) Remuneration Committee (cont'd)

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole who has the ultimate responsibility of approving the remuneration of Director after taking consideration their pay and employment conditions within our industry.

The Annual Assessment and Evaluation Exercise for the assessment period from 1 April 2011 to 31 March 2012 conducted by the Nomination Committee and Board members forms the basis of determining the Executive Directors are fairly rewarded for their individual contributions to the Company's and the Group's overall performance, and the summary of results of assessment was duly tabled to the Board for further improvements.

Director' Remuneration

The remuneration package are structured according to the skills, experience and performance of the Directors. The remuneration package, comprising salaries, bonuses and benefits of the Executive Directors is reviewed annually. In determining the remunerations, the Company has adopted the objective as recommended by the Malaysian Code on Corporate Governance to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

During the financial year end, the aggregate remuneration in respect of the Executive Directors and Non-Executive Directors are as follows:-

(a) Total Remuneration

	RM'000
Executive directors:	
- salaries and other Emoluments	611
- fees	60
	671
Non-executive directors:	
- Other Emoluments	30
- fees	72
	102
	773

DIRECTORS (cont'd)

(b) Directors' remuneration by bands:

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	-	3
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-

RELATIONSHIP WITH SHAREHOLDERS

Dialogue between the Company and Investors

The Group recognises that prompt disclosure of relevant information and high standard disclosure are keys to raise the level of corporate governance. The Board endeavour to maintain constant and effective communication with shareholders through timely and comprehensive announcement via the Bursa Link and the press as well as the Annual Report. The Annual Report contains all the necessary disclosures and other relevant information, the Group's Shareholders are also provided with timely information through circulars regarding any corporate developments that may impact shareholders' value. In addition, the shareholders and investor have timely and convenient access to public information on the Group through the Company's website www.mesbbhd.com contains corporate and investor relations information.

The Board regards the Annual General Meetings ("AGM") as opportunity to communicate directly with shareholders and encourages attendance and participative dialogue during the AGM. If any shareholder is unable to attend, the Articles have made provisions for shareholder to appoint a proxy to attend, speak and vote on their behalf. The Board of Directors are available to respond to shareholders' questions concerning the Company and Group during the Company's AGM. External auditors are also invited to attend the AGM and will assist the Directors in addressing relevant queries by shareholders relating to the auditors' report. Extraordinary General Meeting are held as and when required.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is mindful of the obligation to provide the annual financial statements and quarterly announcements to shareholders, the Directors through the review by the Audit Committees and consultation with the External Auditors aim to present a balanced and understandable assessment of the Group's performance, position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Prompt fulfilment of statutory reporting requirements is one of the ways to maintain the shareholders' confidence and trust in the Board and the management's capability and integrity.

ACCOUNTABILITY AND AUDIT (cont'd)

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required to prepare financial statements 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.

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

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

Internal Control

The Statement on Internal Control is set out on page 28.

Relationship with the External Auditors

The Board maintains a close and transparent relationship with the Auditors through its Audit Committee in seeking professional advice and ensuring compliance with the accounting standard in Malaysia. The role of the Audit Committee in relation to the external auditors is described on pages 16 to 19.

STATEMENT ON Internal Control

Introduction

Pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") of MESB Berhad is pleased to present its Statement of Internal Control for financial year ended 31st March, 2012 which has been prepared in accordance with the statement on Internal Control: Guidance for Directors of Public Listed Companies.

Responsibility

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

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

Risk Management

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

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm which reports directly to Audit Committee. Internal auditors are required to table their Internal Audit Planning Memorandum to the Audit Committee for review and approval to ensure adequate coverage. Findings of the internal audit were presented to the Audit Committee and appropriately communicated to the respective parties for necessary actions. In this way, the Audit Committee could assist the Board in reviewing the adequacy and integrity of the internal control system of the Group.

Other key elements of internal control

Other key elements of internal control include:

- the Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement on the state of the internal control system and reports to the Board.
- the Audit Committee and the Board review the Group's performance, financial results and cash flows regularly.
- senior management meetings are held periodically to deliberate and discuss on operational issues and improvement on any weaknesses.
- defined organisational structure with clear line of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

Conclusion

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

The external auditors have reviewed the Statement on Internal Control and reported to the Board that it appropriately reflects the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

ADDITIONAL COMPLIANCE Information

1. UTILISATION OF PROCEEDS

i) The utilisation of proceeds arising from disposal of 8,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Maintenance Engineering Sdn Bhd, had been fully utilized as set out in the Circular to Shareholders dated 29 February 2012.

ii) As at 31 July 2012, the Group has a balance of unutilized proceeds from the disposal of 275,000 ordinary shares of RM1.00 each representing 55% equity interest in Dynamic Communication Link Sdn Bhd ("DCLSB"), amounting to RM8.59million. The balance of unutilized portion is expected to be fully utilized within the timeframe as set out in the Circulars to Shareholders dated 20 January 2012.

2. SHARE BUY-BACKS

During the financial year ended 31 March 2012, the Company did not have a scheme to buy back its own shares.

3. OPTION, WARRANTS OR CONVERTIBLE SECURITIES

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

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

During the financial year ended 31 March 2012, the Company did not sponsor any ADR or GDR programme.

5. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year ended 31 March 2012.

6. NON-AUDIT FEES

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

7. VARIATION IN RESULTS

There were no variances of 10% or more between the unaudited results for the financial year ended 31 March 2012 as announced on 31 May 2012, compared to the audited results for the financial year ended 31 March 2012. The Company did not make or release any profit estimate, forecast or projection for the financial year under review.

8. PROFIT GUARANTEE

There were no profit guarantees received by the Company and its subsidiaries during the financial year ended 31 March 2012.

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

Other than the recurrent related party transactions of a revenue or trading nature as disclosed under related party disclosures set out in Note 42 of the financial statements, there were no other material contracts entered into by the Company and/or it subsidiary companies which involved Directors' and major shareholders' interests, either still subsisting at the end of previous financial year or which were entered into since the end of the previous financial year.

MESSAGE FROM THE Board Of Directors

The Board of Directors of **MESB Berhad** is pleased to present the Annual Report and the audited financial statements of the Company and the Group for the financial year ended 31 March 2012.

FINANCIAL PERFORMANCE

During the year, the Group recorded a pre-tax profit of RM4.04million as compared with the preceding year's pre-tax profit of RM10.69million. The lower profits registered in this reporting year was mainly attributed to the non-recurring income registered in the financial year ended 31 March 2011. Nevertheless, the retailing division showed a higher profit for the year under review.

For the financial year ended 31 March 2012, the Group recorded a revenue of RM79.61million, representing an increase of 9.78% against the previous financial year of RM72.52million. The higher revenue was mainly contributed by the retailing segment involving in leather goods and handbags trading.

The net asset per share increased to 128 sen from 124 sen previously, while earnings per share declined to 3.19 sen per share as against previous year of 18.63 sen per share.

DIVIDENDS

No dividend has been declared for the financial year ended 31 March 2012.

PROSPECTS

The Malaysia's economy to grow slower by 4.5% in 2012, the growth would be largely domestic driven due to rising uncertainties in the global economy, real gross domestic product (GDP) The Malaysia's GSP growth seen at 4.7% in 2012.

Overall, the government expects the country's strong economic fundamentals, pragmatic macroeconomic policies and the Economic Transformation Programme (ETP) to enhance domestic sources of growth.

As for retailing business, the growth for 2012 would be underpinned by steady consumer confidence with stable employment outlook and higher household income. Taking into consideration the additional funds from the cash proceeds of disposal of a subsidiary and acquisition of new trademarks in the handbag business, the group's retailing business is expected to contribute positively to the Group's results in future financial years.

The construction sector is expected to grow at 7% in 2012. The Group continues to remain focused in the construction and engineering sector whereby actively participate in suitable constructions tenders, where the Group has an established track record

Although, the signs of economy slowdown, our Group is expected to able to ride through this challenging environment as the Company has provided an additional funds from the disposal of a subsidiary.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board is fully aware the corporate social responsibility ("CRS") is important towards ensuring that the overall business sustainability objective is met.

To recognizes the importance of the Group as a socially and environmentally responsible corporate citizen, the group has embedded the CRS practices into its operations activities. To begin with, the particularly core areas will be focused on:-

- Making profitable business to maximise shareholder value and for future growth
- Conducting business in accordance with all applicable laws and legal requirements
- Contributing to the welfare, development and progress of the community
- Maintain awareness on health, safety and environmental in which the Group operates

The Group is also committed to mitigate the impact on global warming towards promoting environmental protection and sustainability, the group employees were encouraged to maximize efficiency opportunities and minimize environmental impact through our working practices.

ACKNOWLEDGEMENT

We deeply appreciate the confidence of our shareholders in MESB Group. Special thanks go to our valued customers, business associates, bankers and the authorities for their continuous support and commitment.

We also would like to extend our sincere gratitude and appreciation towards our management and staff for their contribution and faith in the Group.

Sincerely,

The Board of Directors

Financial Statements

DIRECTORS' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of certain business activities arising from discontinued operations as disclosed in Note 36 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation	2,229	(5,335)
Attributable to:-		
Owners of the Company	1,340	(5,335)
Non-controlling interests	889	-
	2,229	(5,335)

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 year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables 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 45 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 38 to the financial statements, the results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

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

TEOH HWA PENG
SAFFIE BIN BAKAR
TEOH WAH LEONG
NG CHEE LEONG
YAM KIN LUM
TAN YEW KIM

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of Rm1 Each			
	At 1.4.2011	**Bought**	**Sold**	**At 31.3.2012**
THE COMPANY				
DIRECT INTEREST				
TEOH HWA PENG	19,071,899	-	-	19,071,899
DEEMED INTEREST				
TEOH HWA PENG *	2,062,100	62,900	-	2,125,000

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

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

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

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 42 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 48 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JULY 2012

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 104 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 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 50, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JULY 2012

Teoh Hwa Peng

Ng Chee Leong

STATUTORY Declaration

I, **Teoh Hwa Peng**, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of **MESB Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 41 to 104 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Hwa Peng, I/C No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory on
this 25th July 2012

Before me

Teoh Hwa Peng

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

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 104.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 Companyís 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 2012 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

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

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

The supplementary information set out in Note 50 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chua Wai Hong
Approval No: 2974/09/13 (J)
Chartered Accountant

25 July 2012

Kuala Lumpur

STATEMENTS OF Financial Position
AT 31 MARCH 2012

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	35,583	44,488
Investment in an associate	6	5,548	3,852	660	660
Property, plant and equipment	7	13,834	26,401	489	-
Other investments	9	40	186	40	40
Intangible asset	10	-	22	-	-
Other assets	11	-	557	-	-
Goodwill on consolidation	12	24,668	24,668	-	-
		44,090	55,686	36,772	45,188
CURRENT ASSETS					
Inventories	13	13,685	11,704	-	-
Amount owing by contract customers	14	-	530	-	-
Trade receivables	15	10,679	11,770	-	-
Other receivables, deposits and prepayments	16	1,128	2,927	2	2
Amount owing by subsidiaries	17	-	-	4,147	-
Tax recoverable		153	212	153	-
Fixed deposits with licensed banks	18	3,374	3,958	-	-
Cash and bank balances		5,616	5,835	1,735	1
		34,635	36,936	6,037	3
Non-current asset classified as held for sale	19	577	-	277	-
Assets of disposal group classified as held for sale	20	17,893	-	-	-
		53,105	36,936	6,314	3
TOTAL ASSETS		97,195	92,622	43,086	45,191

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

STATEMENTS OF Financial Position
AT 31 MARCH 2012
(cont'd)

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	42,000	42,000	42,000	42,000
Share premium	22	5	5	5	5
Capital reserve	23	37	37	37	37
Retained profits/ (Accumulated losses)		11,520	10,180	(7,508)	(2,173)
SHAREHOLDERS' EQUITY		53,562	52,222	34,534	39,869
NON-CONTROLLING INTERESTS		3,759	2,870	-	-
TOTAL EQUITY		57,321	55,092	34,534	39,869
NON-CURRENT LIABILITIES					
Hire purchase payables	24	882	888	442	-
Term loans	25	4,715	8,023	-	-
Deferred taxation	26	267	1,751	-	-
		5,864	10,662	442	-
CURRENT LIABILITIES					
Amount owing to contract customers	14	-	20	-	-
Trade payables	27	3,859	4,789	-	-
Other payables and accruals	28	6,489	8,646	3,559	421
Amount owing to a subsidiary	17	-	-	4,380	4,825
Amount owing to a director	29	76	76	76	76
Provision for taxation		605	323	-	-
Hire purchase payables	24	258	457	95	-
Term loans	25	724	4,558	-	-
Bankers' acceptances	30	12,334	7,687	-	-
Bank overdrafts	31	-	312	-	-
		24,345	26,868	8,110	5,322
Liabilities of disposal group classified as held for sale	20	9,665	-	-	-
		34,010	26,868	8,110	5,322
TOTAL LIABILITIES		39,874	37,530	8,552	5,322
TOTAL EQUITY AND LIABILITIES		97,195	92,622	43,086	45,191

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

STATEMENTS OF Comprehensive Income
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000 (Restated)	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
CONTINUING OPERATIONS					
REVENUE	32	71,281	63,060	-	8,150
COST OF SALES	33	(26,969)	(22,988)	-	-
GROSS PROFIT		44,312	40,072	-	8,150
OTHER INCOME		2,563	381	10	-
		46,875	40,453	10	8,150
SELLING AND DISTRIBUTION EXPENSES		(19,968)	(17,490)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(23,730)	(22,520)	(5,498)	(16,211)
FINANCE COSTS		(798)	(816)	-	-
SHARE OF PROFIT IN AN ASSOCIATE		1,696	1,266	-	-
PROFIT/(LOSS) BEFORE TAXATION	34	4,075	893	(5,488)	(8,061)
INCOME TAX EXPENSE	35	(1,153)	(1,156)	153	(1,900)
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		2,922	(263)	(5,335)	(9,961)
DISCONTINUED OPERATIONS					
(LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	36	(693)	8,890	-	-
PROFIT/(LOSS) AFTER TAXATION		2,229	8,627	(5,335)	(9,961)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		2,229	8,627	(5,335)	(9,961)

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

STATEMENTS OF Comprehensive Income
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(cont'd)

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000 (Restated)	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		1,340	7,826	(5,335)	(9,961)
Non-controlling interests		889	801	-	-
		2,229	8,627	(5,335)	(9,961)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		1,340	7,826	(5,335)	(9,961)
Non-controlling interests		889	801	-	-
		2,229	8,627	(5,335)	(9,961)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic:					
- continuing operations	37	6.96 sen	(0.63) sen		
- discontinued operations	37	(3.77) sen	19.26 sen		
		3.19 sen	18.63 sen		
Diluted:					
- continuing operations	37	Not applicable	Not applicable		
- discontinued operations	37	Not applicable	Not applicable		

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

	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Attributable to Owners of the Company →						
THE GROUP								
Balance at 1.4.2010		42,000	5	37	2,354	44,396	2,519	46,915
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	7,826	7,826	801	8,627
Distribution to owners of the Company: - dividend paid by a subsidiary to non-controlling interests		-	-	-	-	-	(450)	(450)
Balance at 31.3.2011/ 1.4.2011		42,000	5	37	10,180	52,222	2,870	55,092
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	1,340	1,340	889	2,229
Balance at 31.3.2012		42,000	5	37	11,520	53,562	3,759	57,321
THE COMPANY								
Balance at 1.4.2010		42,000	5	37	7,788	49,830	-	49,830
Loss after taxation/ Total comprehensive expenses for the financial year		-	-	-	(9,961)	(9,961)	-	(9,961)
Balance at 31.03.2011/ 1.4.2011		42,000	5	37	(2,173)	39,869	-	39,869
Loss after taxation/ Total comprehensive expenses for the financial year		-	-	-	(5,335)	(5,335)	-	(5,335)
Balance at 31.3.2012		42,000	5	37	(7,508)	34,534	-	34,534

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

STATEMENTS OF Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation:					
- continuing operations		4,075	893	(5,488)	(8,061)
- discontinued operations	36	(31)	9,795	-	-
		4,044	10,688	(5,488)	(8,061)
Adjustments for:-					
Allowance for impairment losses on receivables		730	905	-	-
Writeback of foreseeable losses on contracts		(372)	(1)	-	-
Amortisation of intangible asset		6	6	-	-
Bad debts written off		54	100	-	100
Depreciation of property, plant and equipment		3,536	2,655	123	-
Other investments written off		146	-	-	-
Equipment written off		236	2,488	-	-
Interest expense		1,360	1,630	-	-
Impairment loss on investments in subsidiaries		-	-	603	15,101
Unrealised (gain)/loss on foreign exchange		(5)	62	-	-
(Gain)/Loss on disposal of a subsidiary		(1,581)	-	3,525	-
Gain on disposal of equipment		(23)	(8)	-	-
Dividend income		-	-	-	(8,150)
Interest income		(307)	(437)	(10)	-
Share of profit in an associate		(1,696)	(1,266)	-	-
Writeback of inventories written down		(20)	-	-	-
Operating profit/(loss) before working capital changes		6,108	16,822	(1,247)	(1,010)
Increase in inventories		(1,961)	(1,281)	-	-
(Decrease)/Increase in trade and other receivables		(3,851)	7,205	-	-
Increase/(Decrease) in trade and other payables		4,859	(1,098)	3,138	42
Net decrease/(increase) in amount owing by contract customers		2,089	(5,684)	-	-
CASH FROM/(FOR) OPERATIONS		7,244	15,964	1,891	(968)
Income tax paid		(1,220)	(541)	-	(1,900)
Interest paid		(1,360)	(1,591)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		4,664	13,832	1,891	(2,868)

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

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
BALANCE BROUGHT FORWARD		4,664	13,832	1,891	(2,868)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of other investments		-	(146)	-	-
Proceeds from disposal of plant and equipment		23	8	-	-
Proceeds from disposal of a subsidiary	38	(5,134)	-	4,500	-
Purchase of property, plant and equipment	39	(1,501)	(1,825)	(75)	-
Net advances to subsidiaries		-	-	(4,592)	-
Interest received		103	112	10	-
Dividend from a subsidiary		-	-	-	8,150
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6,509)	(1,851)	(157)	8,150
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Repayment to a director		-	(5,400)	-	(5,400)
Advances from subsidiaries		-	-	-	118
Repayment of hire purchase obligations		(205)	(528)	-	-
Dividend paid to minority interests		-	(450)	-	-
Repayment of term loans		(2,063)	(5,906)	-	-
Net drawdown of bankers' acceptances		4,647	292	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		2,379	(11,992)	-	(5,282)
BALANCE CARRIED FORWARD		534	(11)	1,734	-

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

STATEMENTS OF Cash Flows
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(cont'd)

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD/NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		534	(11)	1,734	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		9,481	9,492	1	1
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40	10,015	9,481	1,735	1

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

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 July 2012.

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 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of certain business activities arising from discontinued operations as disclosed in Note 36 to the financial statements.

3. BASIS OF PREPARATION

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

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

3. BASIS OF PREPARATION (cont'd)

(a) **FRSs and IC Interpretations (including the Consequential Amendments)**

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 5 requires assets and liabilities of a subsidiary to be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. The impacts on the financial statements of the Group upon their initial application are disclosed in Note 20 to the financial statements.

(iv) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 47(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

3. BASIS OF PREPARATION (cont'd)

(a) (v) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective Date**
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012

3. BASIS OF PREPARATION (cont'd)

(b)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	**Effective Date**
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The Group's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

(c) The adoption of MFRSs in the next financial year is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Property, Plant and Equipment

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Depreciation of Property, Plant and Equipment (cont'd)

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

(a) changes in the expected level of usage;
(b) commercial factors; and
(c) approval by the authorities on the renewal and extension of the project management agreement.

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

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

(iv) Construction Contracts

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

(a) Contract Revenue

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

(b) Contract Costs

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

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(vi) Write-down of Inventories

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

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2012.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

<u>**Business combinations from 1 April 2011 onwards**</u>

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 April 2012 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

<u>**Business combinations before 1 April 2011**</u>

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Business combinations before 1 April 2011 (cont'd)

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 April 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 April 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

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

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Companyís right to receive payment is established.

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

  As at the end of the reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investments in Subsidiaries

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

On disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where is exercises significant influence over the financial and operating policies.

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

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2012. The Group's share of the post-acquisition profit of the associate is included in the consolidated statement of comprehensive income and the Group's interest in associate is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

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

On disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(h) Property, Plant and Equipment

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

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

The telecommunication towers constructed under the project management are amortised from the date of completion of construction up to the year pursuant to the terms and conditions of the Project Management Agreement.

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

Buildings	2%
Leasehold land	80 to 99 years
Motor vehicles	20% - 30%
Office equipment, furniture and fittings	5% - 20%
Computers	50%
Renovation	10% - 20%
Site equipment and tools	20% - 30%

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment (cont'd)

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment (cont'd)

(i) Impairment of Financial Assets (cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their valueinuse, which is measured by reference to discounted future cash flow.

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

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

(j) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(k) Intangible Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Inventories

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

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

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

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

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

(n) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(o) Operating Leases

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

(p) Cash and Cash Equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

(q) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

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

(s) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(v) Contingent Liabilities

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

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

(w) Revenue Recognition

(i) Construction Contracts

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Revenue Recognition (cont'd)

(i) Construction Contracts (cont'd)

The stage of completion is determined based on:-

(a) the survey of work performed;

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

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

whichever is applicable.

(ii) Sale of Goods

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

(iii) Interest Income

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

(iv) Project Management Fee

Project management fee is recognised on an accrual basis.

(v) Rental Income

Rental income is recognised on an accrual basis.

(vi) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(x) Non-Current Assets and Assets of Disposal Group Classified As Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only terms that are usual and customary.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(y) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	37,608	59,589
Accumulated impairment losses:-		
At 1 April 2011/2010	(15,101)	-
Addition during the financial year	(603)	(15,101)
Disposal of a subsidiary during the financial year	13,679	-
At 31 March 2012/2011	(2,025)	(15,101)
	35,583	44,488

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

Name of Company	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal activities
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
MESB Capital & Development Sdn. Bhd. (formerly known as Maintenance Capital & Development Sdn. Bhd.)	100%	100%	Investment holding.
Crystal United Sdn. Bhd. *	100%	100%	Investment holding.
MESB Development Sdn. Bhd.	100%	100%	Dormant.
MESB Agriculture Sdn. Bhd.	100%	100%	Dormant.
Dynamic Communication Link Sdn. Bhd. ("DCLSB") ^	55%	55%	Project management.
Maintenance Engineering Sdn. Bhd. ("ME")	-	100%	Supply of engineering equipment, spare parts and tools and undertaking engineering and construction projects.

* *Previously held through ME now transferred and held directly by the Company.*

^ *Classified under non-current asset classified as held for sale, as disclosed in Note 19 to the financial statements of the Company.*

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	4,888	3,192	-	-
	5,548	3,852	660	660

(a) Share of profit in an associate is based on the unaudited financial statements of the associate made up to 31 March 2012.

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

Name of Company	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal activities
PDC Telecommunication Services Sdn. Bhd.	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

(c) The summarised unaudited financial information of the associate is as follows:-

	2012 RM'000	2011 RM'000
Assets and Liabilities		
Total assets	18,234	14,006
Total liabilities	4,108	4,119
Results		
Revenue	8,515	7,317
Profit after taxation	4,239	3,165

7. PROPERTY, PLANT AND EQUIPMENT

	At 1.4.2011 RM'000	Disposal Of A Subsidiary (Note 38) RM'000	Classified As Non-Current Assets Held For Sale (Note 19) RM'000	Transferred To Assets Of Disposal Group Classified As Held For Sale (Note 20) RM'000	Realisation Of Profit Upon Disposal Of A Subsidiary RM'000	Written Off RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.3.2012 RM'000
THE GROUP									
NET BOOK VALUE									
Freehold land and buildings	5,163	-	(577)	-	-	-	-	(113)	4,473
Leasehold land and building	4,332	-	-	-	-	-	-	(60)	4,272
Motor vehicles	1,372	(561)	-	(1)	-	-	954	(493)	1,271
Office equipment, furniture and fittings	930	(16)	-	(12)	-	-	10	(128)	784
Computers	68	-	-	-	-	-	84	(68)	84
Renovation	2,751	-	-	-	-	(74)	1,220	(947)	2,950
Telecommunication towers under project management agreement ^	11,560	-	-	(13,853)	4,020	-	-	(1,727)	-
Capital work-in-progress	225	-	-	(107)	-	(162)	44	-	-
Total	26,401	(577)	(577)	(13,973)	4,020	(236)	2,312	(3,536)	13,834

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

	At 1.4.2011 RM'000	Transfers RM'000	Written Off RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.3.2011 RM'000
THE GROUP						
NET BOOK VALUE						
Freehold land and buildings	5,276	-	-	-	(113)	5,163
Leasehold land and building	4,392	-	-	-	(60)	4,332
Motor vehicles	1,368	-	-	391	(387)	1,372
Office equipment, furniture and fittings	1,161	-	(114)	41	(158)	930
Computers	63	-	-	79	(74)	68
Renovation	5,070	-	(2,374)	679	(624)	2,751
Telecommunication towers under project management agreement ^	11,921	83	-	795	(1,239)	11,560
Capital work-in-progress	96	(83)	-	212	-	225
Total	29,347	-	(2,488)	2,197	(2,655)	26,401

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

	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
THE GROUP			
At 31.3.2012			
Freehold land and buildings	5,148	(675)	4,473
Leasehold land and building	5,096	(824)	4,272
Motor vehicles	1,860	(589)	1,271
Office equipment, furniture and fittings	1,423	(639)	784
Computers	2,176	(2,092)	84
Renovation	4,492	(1,542)	2,950
Site equipment and tools	1,253	(1,253)	-
	21,448	(7,614)	13,834
At 31.3.2011			
Freehold land and buildings	5,869	(706)	5,163
Leasehold land and building	5,096	(764)	4,332
Motor vehicles	2,800	(1,428)	1,372
Office equipment, furniture and fittings	2,904	(1,974)	930
Computers	2,092	(2,024)	68
Renovation	3,385	(634)	2,751
Site equipment and tools	7,757	(7,757)	-
Telecommunication towers under project management agreement ^	15,784	(4,224)	11,560
Capital work-in-progress	225	-	225
	45,912	(19,511)	26,401

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

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

	At 1.4.2011 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.3.2012 RM'000
THE COMPANY				
NET BOOK VALUE				
Computers	-	3	(1)	2
Motor vehicles	-	609	(122)	487
	-	612	(123)	489

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.3.2012			
Computers	3	(1)	2
Motor vehicles	609	(122)	487
	612	(123)	489

Included in the carrying amounts of the property, plant and equipment at the end of the reporting period were the following:-

(a) assets acquired under hire purchase terms:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Motor vehicles	1,201	1,310
Office equipment, furniture and fittings	-	185
Renovation	-	286
	1,201	1,781

	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Motor vehicles	487	-

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

(b) assets pledged as security for banking facilities granted to the Group:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Freehold land and buildings	4,473	5,163
Leasehold land and building	2,631	4,332
	7,104	9,495

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Long-term leasehold land, at cost:-		
At 1 April 2011/2010		
- at cost	-	1,625
- at valuation	-	909
As previously reported	-	2,534
Effect of FRS 117	-	(2,534)
As restated at 31 March 2012/2011	-	-
Accumulated amortisation:-		
As previously reported	-	354
Effect of FRS 117	-	(354)
At 31 March 2012/2011	-	-

In the previous financial year, the Group assessed and determined that the leasehold land of the Group was in substance a finance lease and reclassified it to property, plant and equipment.

9. OTHER INVESTMENTS

The other investments designated as available-for-sale financial assets represent club memberships carried at fair value. The club memberships are held in trust by certain directors of the Company.

10. INTANGIBLE ASSET

	THE GROUP	
	2012 RM'000	2011 RM'000
At cost	60	60
Less: Accumulated amortisation	(44)	(38)
	16	22
Less : Transferred to assets of disposal group classified as held for sale (Note 20)	(16)	-
	-	22

	THE GROUP	
	2012 RM'000	2011 RM'000
Accumulated amortisation:-		
At 1 April 2011/2010	(38)	(32)
Charge for the financial year	(6)	(6)
At 31 March 2012/2011	(44)	(38)

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

11. OTHER ASSETS

These represent retention monies which were due and receivable after twelve months from the end of the previous reporting period, upon expiry of the warranty period of the relevant contracts.

12. GOODWILL ON CONSOLIDATION

Goodwill on consolidation relates to the acquisition of Miroza. Thus, the cash generating unit ("CGU") to which the goodwill belongs is the operating activities of Miroza.

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

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

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

12. GOODWILL ON CONSOLIDATION (cont'd)

The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2012	2011	2012	2011	2012	2011
Trading segment	67%	67%	5%	5%	5.40%	7.35%

(i) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the 3 years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate — The growth rates used are based on the expected projection of the revenue.

(iii) Discount rate — The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

13. INVENTORIES

	THE GROUP	
	2012 RM'000	2011 RM'000
Inventories held for trading:		
- at cost	13,529	11,605
- at net realisable value	156	99
	13,685	11,704

14. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2012 RM'000	2011 RM'000
Contract costs incurred to-date	-	32,564
Less : Allowance for foreseeable losses	-	(352)
Loss attributable to work performed to-date	-	(6,326)
	-	25,886
Less: Progress billings	-	(25,376)
	-	510
The amounts owing comprise the following:-		
Amount owing by contract customers	-	530
Amount owing to contract customers	-	(20)
	-	510

15. TRADE RECEIVABLES

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Trade receivables	11,074	10,380
Less: Allowance for impairment losses	(395)	(1,397)
Retention monies - due and receivable within twelve months	-	2,787
	10,679	11,770
Allowance for impairment losses :-		
At 1 April 2011/2010	(1,397)	(792)
Disposal of a subsidiary during the financial year	1,052	-
Addition during the financial year	(50)	(605)
At 31 March 2012/2011	(395)	(1,397)

The Group's normal trade credit terms range from cash terms to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables at the end of the reporting period were the following:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Amounts owing by related parties:		
- Roncato Sdn. Bhd.	71	87
- Fook Cheong Trading	-	51
- MRZ Car Seat Sdn. Bhd.	-	4
	71	142

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Other receivables, deposits and prepayments	1,808	3,827	2	2
Less: Allowance for Impairment losses	(680)	(900)	-	-
	1,128	2,927	2	2
Allowance for impairment losses:-				
At 1 April 2011/2010	(900)	(835)	-	-
Addition during the financial year	(680)	(300)	-	-
Written off during the financial year	-	235	-	-
Transferred to assets of disposal group classified as held for sale	900	-	-	-
At 31 March 2012/2011	(680)	(900)	-	-

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and receivable/repayable on demand. The amounts owing are to be settled in cash.

18. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks for banking facilities granted to the Group. The weighted average effective interest rate of the fixed deposits at the end of the reporting period was 2.94% (2011 - 2.61%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2011 - 1 to 12 months).

19. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	THE GROUP RM'000	THE COMPANY RM'000
Reclassified From Property, Plant and Equipment (Note 7):-		
Freehold land and buildings*	577	-
Reclassified From Investments In Subsidiaries:-		
Investment in a subsidiary, DCLSB ^	-	277

* On 13 December 2011, a subsidiary entered into a Sale and Purchase Agreement with a third party to dispose of the freehold land and building for a cash consideration of RM1,700,000. The disposal was completed in May 2012.

^ The disposal of the investment in DCLSB was completed subsequent to the end of the reporting period as disclosed in Note 20 to the financial statements.

20. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 1 December 2011, the Company entered into a Share Sale Agreement with a third party to dispose of its 55% equity interest in a subsidiary, DCLSB for a total cash consideration of RM15,000,000.

At the end of the current reporting period, the assets and liabilities of DCLSB have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". The disposal was completed on 20 June 2012.

20. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)

The assets and liabilities of the disposal group, measured at the lower of their carrying amounts and fair values less costs to sell, are as follows:-

	THE GROUP RM'000
Assets	
Plant and equipment (Note 7)	13,973
Intangible asset (Note 10)	16
Trade receivables	1,013
Other receivables and deposits	1,723
Tax refundable	143
Cash and bank balances (Note 40)	1,025
Assets of disposal group classified as held for sale	17,893
Liabilities	
Other payables and accruals	1,369
Term loan	5,079
Deferred taxation	3,217
Liabilities of disposal group classified as held for sale	9,665

21. SHARE CAPITAL

	THE COMPANY			
	2012	2011	2012	2011
	NUMBER OF SHARES			
	'000	'000	RM'000	RM'000
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	100,000	100,000	100,000	100,000
ISSUED AND FULLY PAID-UP	42,000	42,000	42,000	42,000

22. SHARE PREMIUM

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

23. CAPITAL RESERVE

This relates to the equity-settled share option previously granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of the share options. The share options were implemented on 14 December 2004 and expired on 13 December 2009.

24. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum hire purchase payments:				
- not later than one year	314	515	125	-
- later than one year but not later than five years	989	1,019	498	-
	1,303	1,534	623	-
Less: Future finance charges	(163)	(189)	(86)	-
Present value of hire purchase payables	1,140	1,345	537	-
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year	258	457	95	-
Non-current:				
- later than one year but not later than five years	882	888	442	-
	1,140	1,345	537	-

The hire purchase payables of the Group and of the Company are subject to weighted average effective rates ranging from 6.00% to 6.71% (2011 - 6.15% to 7.61%) and 6.00% (2011 - Nil) per annum respectively.

25. TERM LOANS

	THE GROUP	
	2012 RM'000	2011 RM'000
Current portion:		
- repayable within one year	724	4,558
Non-current portion:		
- repayable between one to two years	772	2,772
- repayable between two to five years	1,637	4,979
- repayable after five years	2,306	272
	4,715	8,023
	5,439	12,581

25. TERM LOANS (cont'd)

Details of the term loans at the end of the reporting period are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalments RM	Effective Dates Of Commencement Of Repayment	Amount Outstanding 2012 RM'000	Amount Outstanding 2011 RM'000
1	120	3,153	October 2004	-	113
2	120	41,429	February 2006	-	2,252
3	120	6,929	January 2007	-	370
4	36	12,463	August 2008	-	51
5	78	192,016	December 2008	-	8,028
6	36	161,401	March 2009	-	1,767
7	60	24,592	January 2012	1,243	-
8	36	31,267	January 2012	925	-
9	180	20,696	January 2012	2,571	-
10	120	8,255	April 2012	700	-
				5,439	12,581

The term loans of the Group at the end of the reporting period are subject to a weighted average effective rate of 5.86% (2011 - 7.30%) per annum and are secured by:-

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

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

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

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

(v) a corporate guarantee of the Company.

26. DEFERRED TAXATION

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
At 1 April 2011/2010	1,751	601
Realisation of profit upon disposal of a subsidiary during the financial year	1,088	-
Recognised in profit or loss		
- continuing operations (Note 35)	-	144
- discontinued operations (Note 36)	645	1,006
Transferred to liabilities of disposal group classified as held for sale (Note 20)	(3,217)	-
At 31 March 2012/2011	267	1,751

26. DEFERRED TAXATION (cont'd)

The deferred tax liabilities are attributable to the following:-

	2012 RM'000	2011 RM'000
Accelerated capital allowances over depreciation	267	2,707
Unutilised tax losses	-	(933)
Unabsorbed capital allowances	-	(23)
	267	1,751

27. TRADE PAYABLES

	THE GROUP 2012 RM'000	 2011 RM'000
Trade payables	3,859	4,450
Retention monies	-	339
	3,859	4,789

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

28. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other payables	2,300	2,386	-	-
Deposits received	3,005	5	3,000	-
Accruals	1,184	6,255	559	421
	6,489	8,646	3,559	421

Included in the other payables of the Group in the previous financial year was an amount of RM473,387 owing to a related party, Roncato Sdn Bhd. The amount owing was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

Included in deposits received is an amount of RM3,000,000 (2011 - RM Nil) representing 20% of the total purchase consideration for the disposal of DCLSB.

29. AMOUNT OWING TO A DIRECTOR

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

30. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group are subject to weighted average effective rates ranging from 3.35% to 4.69% (2011 - 4.28%) per annum at the end of the reporting period and are secured by:-

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

(ii) a pledge over the fixed deposits of a subsidiary; and

(iii) a corporate guarantee of the Company.

31. BANK OVERDRAFTS

The bank overdrafts were subject to an effective interest of 8.05% per annum at the end of the reporting period in the previous financial year. The overdrafts which were not utilised at the end of the reporting period are secured in the same manner as the bankers' acceptances disclosed in Note 30 to the financial statements.

32. REVENUE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Trading	71,263	63,042	-	-
Rental of property	18	18	-	-
Dividend from a subsidiary	-	-	-	8,150
	71,281	63,060	-	8,150

33. COST OF SALES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Trading	26,919	22,936	-	-
Rental of property	50	52	-	-
	26,969	22,988	-	-

34. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on:				
- trade receivables	50	332	-	-
- other receivables	680	-	-	-
Audit fee:				
- for the financial year	62	50	22	22
- under/(over)provision in the previous financial year	2	(1)	2	-
Bad debts written off	-	100	-	100
Depreciation of property, plant and equipment	1,567	701	123	-
Directors' fee	108	108	108	108
Directors' non-fee emoluments	639	578	321	373
Equipment written off	74	2,488	-	-
Impairment loss on investment in subsidiaries	-	-	603	15,101
Interest expense:				
- bank overdrafts	59	22	-	-
- bankers' acceptances	432	317	-	-
- hire purchase	35	48	-	-
- term loans	271	429	-	-
- others	1	-	-	-
(Gain)/Loss on disposal of a subsidiary	(1,581)	-	3,525	-
Loss on foreign exchange:				
- realised	-	209	-	-
- unrealised	-	62	-	-
Rental of premises	558	937	-	-
Staff costs:				
- salaries, wages, allowances and bonus	12,531	10,139	74	20
- defined contribution plans	993	833	10	3
- other benefits	374	214	2	-
Gain on foreign exchange:				
- unrealised	(5)	-	-	-
- realised	-	(125)	-	-
Interest income				
- fixed deposit	(56)	(38)	-	-
- others	(10)	(31)	(10)	-
Rental income	(890)	(329)	-	-
Share of results in an associate	(1,696)	(1,266)	-	-
Writeback of inventories written down	(20)	-	-	-
Dividend income	-	-	-	(8,150)

35. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Current tax:				
- for the financial year	1,127	1,135	-	1,900
- over/(under)provision in the previous financial year	26	(123)	(153)	-
	1,153	1,012	(153)	1,900
Deferred taxation (Note 26):				
- for relating to origination and reversal of temporary differences	-	(126)	-	-
- underprovision in the previous financial year	-	270	-	-
	-	144	-	-
	1,153	1,156	(153)	1,900

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Profit/(Loss) before taxation	4,075	893	(5,488)	(8,061)
Tax at the statutory tax rate of 25%	1,019	223	(1,372)	(2,015)
Tax effects of:-				
Share of results in an associate	(424)	(317)	-	-
Non-taxable gains	-	-	-	(137)
Non-deductible expenses	532	1,103	1,372	4,052
Under/(Over)provision in the previous financial year:				
- current tax	26	(123)	(153)	-
- deferred tax	-	270	-	-
Income tax expense for the financial year	1,153	1,156	(153)	1,900

35. INCOME TAX EXPENSE (cont'd)

Subject to agreement with the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances available to be carried forward for offset against future taxable business income as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000 (Restated)
Unutilised tax losses	1,596	1,596
Unabsorbed capital allowances	30	30
	1,626	1,626

No deferred tax assets are recognised on the above items.

36. (LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

The discontinued operations relate to the following:

(i) discontinuance of supplying engineering equipment, spare parts and tools and undertaking engineering and construction projects arising from the disposal of a subsidiary, Maintenance Engineering Sdn. Bhd. during the financial year; and

(ii) discontinuance of project management activities upon the proposed disposal of DCLSB. The disposal was completed subsequent to the end of the reporting period.

Analysis of the results of the discontinued operations is as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Revenue	8,330	9,464
Cost of sale	(5,928)	(4,128)
Gross profit	2,402	5,336
Other Income	313	8,093
	2,715	13,429
Administrative and other expenses	(2,184)	(2,820)
Finance costs	(562)	(814)
(Loss)/Profit before taxation	(31)	9,795
Income tax expense		
- current tax	(17)	101
- deferred taxation (Note 26)	(645)	(1,006)
(Loss)/Profit after taxation from discontinued operations	(693)	8,890

36. (LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS (cont'd)

(a) Included in (loss)/profit before taxation of the discontinued operations are the following:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-		
Allowance for impairment losses on:		
- trade receivables	-	273
- other receivables	-	300
Amortisation of intangible asset	6	6
Audit fee:		
- for the financial year	23	22
- under/(over)provision in the previous financial year	1	(1)
Bad debts written off	54	-
Equipment written off	162	-
Depreciation of plant and equipment	1,969	1,954
Directors' fee	24	29
Directors' non-fee emoluments	2	17
Hire of machineries and vehicles	1	23
Interest expense:		
- bank overdrafts	15	37
- hire purchase	28	29
- term loans	480	709
- others	39	39
Rental of land	735	657
Rental of premises	30	33
Staff costs:		
- Salaries, allowances and bonuses	547	1,312
- defined contribution plan	71	81
- others	28	41
Other investment written off	146	-
Gain on disposal of equipment	(23)	(8)
Interest income:		
- fixed deposit	(36)	(74)
- others	(205)	(294)
Rental income	-	(20)
Writeback of foreseeable losses on contracts	(372)	(1)
Compensation received on insurance claim	(2)	(7,429)

(b) The cash flows attributable to the discontinued operations are the following:-

	THE GROUP 2012 RM'000
Net cash from operating activities	4,819
Net cash from investing activities	1,327
Net cash for financing activities	(7,142)
Net cash for discontinued operations	(996)

37. EARNINGS PER SHARE

	THE GROUP 2012	THE GROUP 2011
Continuing operations		
Profit/(Loss) attributable to owners of the Company (RM)	2,922	(263)
Number of ordinary shares at 31 March	42,000	42,000
Basic earnings/(loss) per share (sen)	6.96	(0.63)
Discontinued operations		
(Loss)/Profit attributable to owners of the Company (RM)	(1,582)	8,089
Number of ordinary shares at 31 March	42,000	42,000
Basic (loss)/earnings per share (sen)	(3.77)	19.26

The diluted earnings per share is not applicable as there are no potential dilutive ordinary shares outstanding at the end of the reporting period.

38. DISPOSAL OF A SUBSIDIARY

The effects of the disposal of a subsidiary, Maintenance Engineering Sdn. Bhd. during the financial year are as follows:-

(a) Effects on Consolidated Statement of Comprehensive Income

The effects on the consolidated results of the Group up to the date of disposal in the current financial year were as follows:-

	RM'000
Revenue	1,237
Cost of sales	(2,582)
Gross loss	(1,345)
Other income	264
Administrative and other operating expenses	(1,528)
Finance cost	(42)
Loss before taxation	(2,651)
Income tax expense	(17)
Loss after taxation	(2,668)

38. DISPOSAL OF A SUBSIDIARY (cont'd)

(b) Effects on Consolidated Financial Position

The effects on the consolidated financial position of the Group as at the date of disposal in the current financial year were as follows:-

	RM'000
Plant and equipment (Note 7)	577
Trade and other receivables	3,987
Amount owing by contract customers	37
Amount owing by holding company	5,196
Tax refundable	9
Fixed deposits with licensed banks	2,095
Cash and bank balances	2,343
Amount owing to contract customers	(1,244)
Trade and other payables	(6,577)
Hire purchase payables	(576)
Fair value of net assets disposed	5,847
Realisation of profit from transactions with another subsidiary	(2,928)
Gain on disposal of a subsidiary	1,581
Sale proceeds from disposal of a subsidiary, net of incidental cost	4,500
Cash and bank balances	(4,438)
Settlement of amount owing by group pursuant to the terms and conditions of the Share Sale Agreement	(5,196)
Cash outflows from disposal of a subsidiary	(5,134)

39. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost of property, plant and equipment purchased	2,312	2,197	612	-
Amount financed through hire purchase	(811)	(372)	(537)	-
Cash disbursed for purchase of property, plant and equipment	1,501	1,825	75	-

40. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed deposits with licensed banks (Note 18)	3,374	3,958	-	-
Cash and bank balances	5,616	5,835	1,735	1
Bank overdrafts (Note 31)	-	(312)	-	-
Assets of disposal group classified as held for sale				
- cash and bank balances (Note 20)	1,025	-	-	-
	10,015	9,481	1,735	1

41. DIRECTORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
- salaries and allowances	611	570	292	354
- fees	60	65	36	36
	671	635	328	390
Non-executive directors:				
- allowances	30	25	29	19
- fees	72	72	72	72
	102	97	101	91
	773	732	429	481

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

	THE GROUP/THE COMPANY Number Of Directors			
	2012		2011	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	-	3	-	3
RM50,001-RM100,000	1	-	-	-
RM100,001-RM150,000	-	-	1	-
RM200,001-RM250,000	1	-	1	-
RM300,001-RM350,000	1	-	1	-

42. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with:-

(i) entities in which certain directors have substantial financial interests;

(ii) the directors who are the key management personnel and entities within the same group of the companies.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales to related parties:				
- Roncato Sdn Bhd. [1]	2,340	2,566	-	-
- MX Too Sdn. Bhd. [1]	18	-	-	-
Rental received/ receivable from a related party:				
- MRZ Car Seat Sdn. Bhd.	34	50	-	-
Royalty paid/payable to a related party:				
- MX Too Sdn. Bhd. [1]	2,285	1,372	-	-
(c) Key management personnel compensation:				
- short-term employee benefits	773	732	429	481
- post employment benefits	95	74	30	37

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

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

43. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors of the Group as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

43. OPERATING SEGMENTS (cont'd)

The Group is organised into 3 main business segments as follows:-

(i) Engineering and construction - involved in the supply of engineering equipment, spare parts and tools and undertaking engineering and construction projects. The segment also engaged in project management, undertaking engineering and construction projects. This segment has been classified under discontinued operations in the current financial year.

(ii) Trading segment - involved in the trading in leather.

(iii) Investment holding segment - involved in the investment holding.

BUSINESS SEGMENTS

	← Continuing Operations →				
2012	**Trading Segment RM'000**	**Investment Holding Segment RM'000**	**Group RM'000**	**Discontinued Operations RM'000**	**Total Operations RM'000**
Revenue					
Total revenue	71,263	102	71,365	8,330	79,695
Inter-segment revenue	-	(84)	(84)	-	(84)
External revenue	71,263	18	71,281	8,330	79,611
Results					
Segment results	5,390	(265)	5,125	3,316	8,441
Interest income	56	10	66	241	307
Gain on disposal of plant and equipment	-	-	-	23	23
Rental income	872	18	890	-	890
Realised gain on foreign exchange	5	-	5	-	5
Writeback of inventories written down	20	-	20	-	20
Allowance for impairment losses on receivables	(730)	-	(730)	-	(730)
Amortisation of intangible asset	-	-	-	(6)	(6)
Hire of machineries and vehicles	-	-	-	(1)	(1)
Depreciation of property, plant and equipment	(1,382)	(185)	(1,567)	(1,969)	(3,536)
Equipment written off	(74)	-	(74)	(162)	(236)
Other investments written off	-	-	-	(146)	(146)
Rental of land	-	-	-	(735)	(735)
Rental of premises	(558)	-	(558)	(30)	(588)
	3,599	(422)	3,177	531	3,708
Finance costs			(798)	(562)	(1,360)
Share of profit in associate			1,696	-	1,696
Profit before taxation			4,075	(31)	4,044
Income tax expense			(1,153)	(662)	(1,815)
Consolidated profit after taxation			2,922	(693)	2,229

43. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2012	Continuing Operations Trading Segment RM'000	Investment Holding Segment RM'000	Total RM'000	Discontinued Operations RM'000	Total Group RM'000
Assets					
Segment assets	42,271	49,800	92,071	17,750	109,821
Tax recoverable	-	153	153	143	296
Disposal group	(577)	-	(577)	(17,893)	(18,470)
	41,694	49,953	91,647	-	91,647
Investment in an associate					5,548
Consolidated total assets					97,195
Liabilities					
Segment liabilities	25,150	13,852	39,002	9,665	48,667
Disposal group	-	-	-	(9,665)	(9,665)
	25,150	13,852	39,002	-	39,002
Deferred taxation					267
Provision for taxation					605
Consolidated total liabilities					39,874
Other segment items					
Investments in an associate	-	5,548	5,548	-	5,548
Property, plant and equipment	9,058	4,776	13,834	-	13,834
Other investments	-	40	40	-	40
Goodwill on consolidation	-	24,668	24,668	-	24,668
	9,058	35,032	44,090	-	44,090

43. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2011	Continuing Operations Trading Segment RM'000	Continuing Operations Investment Holding Segment RM'000	Continuing Operations Group RM'000	Discontinued Operations RM'000	Total Operations RM'000
Revenue					
Total revenue	63,042	8,252	71,294	10,396	81,690
Inter-segment revenue	-	(8,234)	(8,234)	(932)	(9,166)
External revenue	63,042	18	63,060	9,464	72,524
Results					
Segment results	6,390	(1,069)	5,321	13,013	18,334
Interest income	69	-	69	368	437
Gain on disposal of plant and equipment	-	-	-	8	8
Rental income	311	18	329	20	349
Writeback of foreseeable losses on contracts	-	-	-	(1)	(1)
Bad debts written off	-	(100)	(100)	-	(100)
Realised loss on foreign exchange	(209)	-	(209)	-	(209)
Unrealised loss on foreign exchange	(62)	-	(62)	-	(62)
Allowance for impairment losses on receivables	(332)	-	(332)	(573)	(905)
Amortisation of intangible asset	-	-	-	(6)	(6)
Hire of machineries and vehicles	-	-	-	(23)	(23)
Depreciation of property, plant and equipment	(1,086)	(62)	(1,148)	(1,507)	(2,655)
Plant and equipment written off	(2,488)	-	(2,488)	-	(2,488)
Rental of land	-	-	-	(657)	(657)
Rental of premises	(937)	-	(937)	(33)	(970)
	1,656	(1,213)	443	10,609	11,052
Finance costs			(816)	(814)	(1,630)
Share of profit in associate			1,266	-	1,266
Profit before taxation			893	9,795	10,688
Income tax expense			(1,156)	(905)	(2,061)
Consolidated profit after taxation			(263)	8,890	8,627

43. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2011	Continuing Operations: Trading Segment RM'000	Continuing Operations: Investment Holding Segment RM'000	Continuing Operations: Total RM'000	Discontinued Operations RM'000	Total Group RM'000
Assets					
Segment assets	58,401	4,467	62,868	25,690	88,558
Investment in an associate					3,852
Tax recoverable					212
Consolidated total assets					92,622
Liabilities					
Segment liabilities	18,423	513	18,936	16,520	35,456
Deferred taxation					1,751
Provision for taxation					323
Consolidated total liabilities					37,530
Other segment items					
Investments in an associate	-	3,852	3,852	-	3,852
Property, plant and equipment	9,435	4,349	13,784	12,617	26,401
Other investments	-	40	40	146	186
Intangible assets	-	-	-	22	22
Other assets	-	-	-	557	557
Goodwill on consolidation	-	24,668	24,668	-	24,668
	9,435	32,909	42,344	13,342	55,686

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

44. OPERATING LEASE COMMITMENTS

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

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Not later than one year	-	1,123
Later than one year but not later than five years	-	2,861
Later than five years	-	2,531
	-	6,515

45. CONTINGENT LIABILITY

	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	22,852	23,277

46. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period were as follows:-

	2012 RM	2011 RM
Brunei Dollar	2.40	2.30
100 Vietnamese Dong	0.01	0.01

47. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Brunei Dollar and Vietnamese Dong. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:-

	2012 RM'000	2011 RM'000
Trade receivables		
Brunei Dollar	99	110
Vietnamese Dong	305	164

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis:-

A 1% strengthening of the RM against the Brunei Dollar and Vietnamese Dong at the end of the reporting period would have immaterial impact on profit after taxation. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 47(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

A 25 basis points strengthening/weakening in the interest rate as at the end of the reporting period would have immaterial impact on profit after taxation/equity. This assumes that all other variables remain constant.

(iii) Equity Price Risk

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

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 56% of its trade receivables as at the end of the reporting period.

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Brunei Dollar	99	110
Vietnamese Dong	305	164
Malaysia	10,275	11,496
	10,679	11,770

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

THE GROUP	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2012				
Not past due	10,511	-	-	10,511
Past due:-				
- less than 3 months	185	-	(17)	168
- 3 to 6 months	61	-	(61)	-
- over 6 months	316	(316)	-	-
	11,073	(316)	(78)	10,679

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis (cont'd)

THE GROUP	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2011				
Not past due	8,158	-	-	8,158
Past due:-				
- less than 3 months	307	-	-	307
- 3 to 6 months	49	-	-	49
- over 6 months	4,812	(1,528)	(28)	3,256
	13,326	(1,528)	(28)	11,770

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2012						
Trade payables	-	3,859	3,859	3,859	-	-
Other payable and accruals	-	6,489	6,489	6,489	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	6.00 to 6.71	1,140	1,303	314	989	-
Term loans	5.86	5,439	7,052	1,018	3,149	2,885
Bankers' acceptances	3.35 to 4.69	12,334	12,334	12,334	-	-
		29,337	31,113	24,090	4,138	2,885

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE GROUP	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2011						
Trade payables	-	4,789	4,789	4,789	-	-
Other payable and accruals	-	8,646	8,646	8,646	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	6.15 to 7.61	1,345	1,534	515	1,019	-
Term loans	7.30	12,581	13,408	4,823	8,308	277
Bankers' acceptances	4.28	7,687	7,687	7,687	-	-
Bank overdrafts	8.05	312	312	312	-	-
		35,436	36,452	26,848	9,327	277

THE COMPANY	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2012						
Other payables and accruals	-	3,559	3,559	3,559	-	-
Amount owing to a subsidiary	-	4,380	4,380	4,380	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	6.00	537	623	125	498	-
		8,552	8,638	8,140	498	-

47. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE COMPANY	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2011						
Other payables and accruals	-	421	421	421	-	-
Amount owing to a subsidiary	-	4,825	4,825	4,825	-	-
Amount owing to a director	-	76	76	76	-	-
		5,322	5,322	5,322	-	-

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group's manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

47. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Hire purchase payables	1,140	1,345
Term loans	5,439	12,581
Trade payables	3,859	4,789
Other payables and accruals	6,489	8,646
Amount owing to a director	76	76
Bankers' acceptances	12,334	7,687
Bank overdrafts	-	312
	29,337	35,436
Less: Fixed deposits with licensed banks	(3,374)	(3,958)
Less: Cash and bank balances	(5,616)	(5,835)
Net debt	20,347	25,643
Total equity	57,321	55,092
Debt-to-equity ratio	0.35	0.47

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Available-for-sale financial assets				
Other investments	40	186	40	40
Loans and receivables financial assets				
Trade receivables	10,679	11,770	-	-
Other receivables and deposits	434	2,694	2	2
Other assets	-	557	-	-
Amount owing by subsidiaries	-	-	4,147	-
Fixed deposits with licensed banks	3,374	3,958	-	-
Cash and bank balances	5,616	5,835	1,735	1
	20,103	24,814	5,884	3

47. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification Of Financial Instruments (cont'd)

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial liabilities				
Other financial liabilities				
Hire purchase payables	1,140	1,345	537	-
Term loans	5,439	12,581	-	-
Bankers' acceptances	12,334	7,687	-	-
Trade payables	3,859	4,789	-	-
Other payables and accruals	6,489	8,646	3,559	421
Amount owing to a director	76	76	76	76
Amount owing to a subsidiary	-	-	4,380	4,825
Bank overdrafts	-	312	-	-
	29,337	35,436	8,552	5,322

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of the hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans and bankers' acceptances approximated their fair values as these instruments bear interest rate at variable rates.

(e) Fair Value Hierarchy

As at 31 March 2012, the financial instruments of the Group and the Company carried at fair values are analysed as below:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group/The Company				
Financial assets				
Other investments	-	40	-	40

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(a) the Company disposed of its entire equity interest in its wholly-owned subsidiary, Maintenance Engineering Sdn. Bhd. to a third party for a total cash consideration of RM4,500,000. The disposal was completed before the end of the reporting period; and

(b) the Company entered into a Share Sale Agreement with a third party to dispose of its 55% equity interest in DCLSB for a total cash consideration of RM15,000,000. The disposal was completed subsequent to the end of the reporting period.

49. COMPARATIVE FIGURES

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

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statements of Comprehensive Income (Extract):-		
Revenue	63,060	72,524
Cost of sales	(22,988)	(27,116)
Gross profit	40,072	45,408
Other income	381	8,474
Administrative and other operating expenses	(22,520)	(25,340)
Finance costs	(816)	(1,630)
Profit/(Loss) before taxation	893	10,688
Income tax expense	(1,156)	(2,061)
Profit/(Loss) after taxation from continuing operations	(263)	-
(Loss)/Profit after taxation from discontinued operations	8,890	-

50. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysia Institute of Accountants, as follows :-

	THE GROUP		THE COMPANY	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total retained profits/(losses)				
- realised	6,894	8,801	(7,508)	(2,173)
- unrealised	(262)	(1,813)	-	-
	6,632	6,988	(7,508)	(2,173)
Total share of retained profit/(loss) of associate:-				
- realised	5,548	4,045	-	-
- unrealised	(660)	(853)	-	-
	11,520	10,180	(7,508)	(2,173)

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2012 (RM'000)
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office Date of acquisition : 19/1/1995 **(Note 1)**	Leasehold expiring on 29/06/2087	17,835	15	2,631
Lot No. 10 Jalan Perusahaan 1 Kawasan Perusahaan Beranang Selangor Darul Ehsan	Industrial land and building used as store Date of revaluation of land : 11/7/2006 **(Note 2)** - Building constructed in 2002.	Leasehold expiring on 09/10/2099	117,177/ 10,040	9	1,641
Lot 655 Jalan 24, Taman Perindustrian Ehsan Jaya, Taman Ehsan, Kepong 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office **(Note 3)** Date of acquisition : 02/04/1997	Freehold	2,730	14	289
Lot 656 Jalan 24, Taman Peindustrian Ehsan Jaya, Taman Ehsan,Kepong, 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office **(Note 3)** Date of acquisition : 02/04/1997	Freehold	2,730	14	289
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Boutique Date of acquisition : 05/05/2004	99 years leasehold	452	9	564

LIST OF Properties

AS AT 31 MARCH 2012
(cont'd)

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2012 (RM'000)
Wisma Sri Damansara No. 10 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur	Two storey office building Date of acquisition : 08/08/2005	Freehold	30022/ 24108	18	3,909

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

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

Note 3: The properties were disposed as disclosed in Note 19 of the financial statements.

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Share Capital	:	RM42,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary shareholder on a show of hands 1 vote per ordinary share on a poll
Number of Shareholders	:	1,778

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	3	0.17	12	0.00
100 to 1,000	393	22.10	376,700	0.90
1,001 - 10,000	1,131	63.61	4,437,190	10.56
10,001 - 100,000	223	12.54	6,387,301	15.21
100,001 - less than 5% of issued shares	26	1.46	11,726,898	27.92
5% and above of issued shares	2	0.12	19,071,899	45.41
Total	**1,778**	**100.00**	**42,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares			
	Names	Direct Interest	%	Indirect Interest	%
1.	Teoh Hwa Peng	19,071,899 (1)	45.41	2,125,000 (2)	5.06
2.	Tan Sok Gim	2,125,000	5.06	19,071,899 (2)	45.41
3.	Thuraya Binti Kassim	2,417,498	5.76	-	-
4.	Dr Sieh Kok Swee	1,537,400	3.66	1,250,000 (2)	2.98
5.	Khoo Loon See	1,250,000	2.98	1,537,400 (2)	3.66

Note:
(1) Held in own name and UOBM Nominees (Tempatan) Sdn Bhd.
(2) Deemed interested via spouse's shareholdings

DIRECTORS' SHAREHOLDINGS

	No. of Shares			
Names of Directors	Direct Interest	%	Indirect Interest	%
Teoh Hwa Peng	19,071,899 #	45.41	2,125,000 *	5.06
Ng Chee Leong	-	-	-	-
Teoh Wah Leong	-	-	-	-
Saffie Bin Bakar	-	-	-	-
Yam Kin Lum	-	-	-	-
Tan Yew Kim	-	-	-	-

\# *Held in own name and UOBM Nominees (Tempatan) Sdn Bhd.*
* *Deemed interest through spouse's shareholdings by virtue of Section 134(12)(c) of the Companies Act, 1965*

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%
1	Teoh Hwa Peng	12,274,099	29.22
2	UOBM Nominees (Tempatan) Sdn Bhd UOBM For Teoh Hwa Peng (PBM)	6,797,800	16.19
3	Thuraya Binti Hj Kassim	1,833,910	4.37
4	Tan Sok Gim	1,762,000	4.20
5	Sieh Kok Swee	1,537,400	3.66
6	Khoo Loon See	1,250,000	2.98
7	Thuraya Binti Hj Kassim	583,588	1.39
8	Sieh Kok Jiun @ Chea Kok Jiunn	489,100	1.16
9	Khoo Loon Im	450,000	1.07
10	Au Yong Mun Yue	419,000	1.00
11	RHB Capital Nominees (Tempatan) Sdn Bhd Teoh Beng Thong (KMP)	401,000	0.95
12	Eden @ Mohd Eden Bin Mohd Ali	300,000	0.71
13	Sam Yin Thing	286,000	0.68
14	Tan Sok Gim	225,901	0.54
15	Nor Azman Bin Mohd Yussof	217,000	0.52
16	Yong Sau Leng	208,800	0.50
17	Sam Chee Siong	200,000	0.48
18	Onn @ Onn Bhoy Bin Abbasbhoy	187,000	0.45

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Names	No. of Shares	%
19	Tey Ghee Kian	185,000	0.44
20	Mohd Alim Bin Abd Bari	170,000	0.40
21	Tan Liak Theng	154,800	0.37
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Chai Hong	143,700	0.34
23	Tan Sok Gim	137,099	0.33
24	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Ang Poh Eng	129,800	0.31
25	Lee Chee Beng	123,100	0.29
26	Muhammad Syafiq Baljit Bin Abdullah	119,900	0.29
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Noredah Majimpi @ Ening Majimpi	111,400	0.27
28	Abdul Halim Bin Ismail	101,400	0.24
29	Lim Chin Hwa	100,000	0.24
30	Abdul Aziz Al-Akbar Bin Mohamed Noor	95,500	0.23
	Total	**30,994,297**	**73.82**

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MESB BERHAD (337554-D)

PROXY Form

I/We________________________________ Company/NRIC/Passport No. _____________________________________

of____

being a member/members of **MESB BERHAD**, hereby appoint ____________________________________

____

of ____ or failing him / her,

____of

____or
failing him / her, * THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur on Friday, 21 September 2012 at 9.30 a.m. and at any adjournment thereof.

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

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

No.	Ordinary Resolutions	For	Against
1	To re-elect Saffie Bin Bakar as a director		
2	To re-elect Teoh Hwa Peng as a director		
3	To approve the payment of Directors' fees		
4	To re-appoint Crowe Horwath as Auditors of the Company		
5	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
6	**Special Resolution** Proposed Amendments to the Articles of Association of the Company		

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	100%

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. In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

Dated this_______day of ________________________ 2012

____
Signature / Common Seal of Shareholder

Notes:
1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
5. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 9, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan 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. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be Friday, 14 September 2012.

* Delete where inapplicable.

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Stamp

The Share Registrar

MESB BERHAD
Symphony Share Registrars Sdn Bhd
Level 6 Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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MESB

MESB BERHAD 337554-D

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

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