

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	CURRENT QUARTER ENDED 30/09/2012 RM'000	COMPARATIVE QUARTER ENDED 30/09/2011 RM'000	6 Months CUMULATIVE TO 30/09/2012 RM'000	6 Months CUMULATIVE TO 30/09/2011 RM'000
CONTINUING OPERATIONS				
Revenue	21,900	18,221	39,604	32,863
Operating Expenses	(22,267)	(17,096)	(40,829)	(32,150)
Other Income	521	46	11,966	92
Profit/(loss) from Operations	154	1,171	10,741	805
Finance costs	(216)	(207)	(423)	(422)
Share of results of an associate	(46)	489	525	1,206
Profit/(loss) before tax	(108)	1,453	10,843	1,589
Taxation	(315)	(499)	(162)	(499)
Profit/(loss) after taxation from continuing operations	(423)	954	10,681	1,090
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	(257)	(550)	577	40
Profit/(loss) after taxation	(680)	404	11,258	1,130
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	(680)	404	11,258	1,130
Net profit/(loss) attributable to :				
Equity holders of the parent	(584)	102	10,999	498
Minority interests	(116)	302	259	632
	(680)	404	11,258	1,130
Total comprehensive income attributable to :				
Owners of the Company	(584)	102	10,999	498
Minority interest	(116)	302	259	632
	(680)	404	11,258	1,130
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(1.01)	2.27	25.43	2.60
- discontinued operations	(0.34)	(2.03)	0.76	(1.41)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	21,900	18,221	39,604	32,863
- discontinued operations	-	2,294	1,715	4,470
	21,900	20,515	41,319	37,333

MESB BERHAD (337554-D)

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	AS AT 30/09/2012 RM'000	AS AT 31/03/2012 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	14,547	13,834
Investment in associated company	6,073	5,548
Other investments	40	40
Intangible asset	500	0
Other assets	0	0
Goodwill on consolidation	24,668	24,668
Current Assets		
Amount owing by contract customers	0	0
Inventories	17,345	13,665
Debtors	14,268	11,807
Tax Recoverable	153	153
Cash and bank balances	14,527	8,990
	<u>46,313</u>	<u>34,635</u>
Non-current asset classified as held for sale		577
Assets of disposal group classified as held for sale	<u>0</u>	<u>17,893</u>
	<u>46,313</u>	<u>53,105</u>
Total Assets	<u>92,141</u>	<u>97,195</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	22,561	11,562
Capital and Reserves	64,561	53,562
Non-controlling interests	0	3,759
Total equity	<u>64,561</u>	<u>57,321</u>
Non-current liabilities		
Hire purchase creditors	795	882
Deferred tax liabilities	267	267
Term loans	4,341	4,715
	<u>5,403</u>	<u>5,864</u>
Current Liabilities		
Creditors	11,271	10,348
Amount owing to contract customers	0	0
Amount owing to director	76	76
Hire purchase creditors	287	258
Term loans	744	724
Bank overdrafts	0	0
Bankers' acceptances, revolving credit and trust receipts	9,560	12,334
Taxation	239	605
	<u>22,177</u>	<u>24,345</u>
Liabilities of disposal group classified as held for sale	<u>0</u>	<u>9,665</u>
	<u>22,177</u>	<u>34,010</u>
Total liabilities	<u>27,580</u>	<u>39,874</u>
Total equity and liabilities	<u>92,141</u>	<u>97,195</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)	<u>1.54</u>	<u>1.28</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012)

MESB BERHAD (337554-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	← Attributable to equity holders of the parent →				Minority Interests	Total Equity	
	Share Capital	Share Premium	Retained Earnings	Capital Reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 April 2012 as restated: -	42,000	5	11,520	37	53,562	3,759	57,321
Total comprehensive income for the financial year	-	-	10,999	-	10,999	259	11,258
Disposal of a subsidiary						(4,018)	(4,018)
At 30 September 2012	42,000	5	22,519	37	64,561	-	64,561
At 1 April 2011 as restated: -	42,000	5	10,180	37	52,222	2,870	55,092
Total comprehensive income for the financial year	-	-	498	-	498	632	1,130
At 30 September 2011	42,000	5	10,678	37	52,720	3,502	56,222

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	6 MONTHS ENDED 30/09/2012 RM'000	12 MONTHS ENDED 31/03/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	10,843	4,075
Profit/(loss) before tax from discontinued operations	877	(31)
Net profit before taxation	<u>11,720</u>	<u>4,044</u>
Adjustments for :-		
Allowance for impairment losses on receivables	-	730
(Write-back of)/Allowance for foreseeable losses	-	(372)
Amortisation of intangible asset	2	6
Bad debts written off	-	54
Depreciation of property, plant and equipments	1,393	3,536
Equipment written off	-	236
Interest expenses	511	1,360
(gain)/loss on foreign exchange	-	(5)
Gain on disposal of a subsidiary	(10,279)	(1,581)
Write off other investment	-	146
Write off equipments	35	-
(Write-back of)/ inventories	-	(20)
Gain on disposal of equipment	(1,163)	(23)
Interest income	(92)	(307)
Share of profit in an associate	(525)	(1,696)
Operating profit before working capital and non-current assets changes	<u>1,602</u>	<u>6,108</u>
Increase in inventories	(3,660)	(1,961)
Increase/(Decrease) in trade and other receivables	(1,653)	(3,851)
(Increase)/Decrease in trade and other payables	935	4,859
Net decrease/(increase) in amount owing by contract customers	-	<u>2,089</u>
Cash from/(for) operating activities	<u>(2,776)</u>	<u>7,244</u>
Income tax (paid)/ refunded	(531)	(1,220)
Interest paid	(511)	(1,360)
Net cash from/(for) operating activities	<u>(3,818)</u>	<u>4,664</u>
Cash Flow From Investing Activities		
Purchase of intangible asset	(500)	-
Cash inflow from disposal of a subsidiary	13,425	(5,134)
Cashflow of property, plant and equipment	(1,729)	(1,501)
Interest received	92	103
Proceeds from disposal of property, plant and equipment	<u>1,740</u>	<u>23</u>
Net cash/(used in) from investing activities	<u>13,028</u>	<u>(6,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to minority interest	-	-
Repayment to a director	-	-
Net drawdown/(repayments) of bank borrowings	<u>(4,698)</u>	<u>2,379</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,698</u>	<u>2,379</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,512</u>	<u>534</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>10,015</u>	<u>9,481</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>14,527</u>	<u>10,015</u>
Note :		
(1) Cash & Cash Equivalents for the year ended 30 September 2012 consists of the following :-		
Continuing operations:		
Cash & Cash Equivalents	14,527	8,990
Bank Overdraft	0	-
	<u>14,527</u>	<u>8,990</u>
Discontinued operation :		
Cash & Cash Equivalents	0	1,025
Bank Overdraft	0	-
	<u>14,527</u>	<u>10,015</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012)

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Period Ended 30 September 2012

The figures have not been audited.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS 134”)

A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2012 except for the following new Financial Reporting Standards (“FRS”) and Interpretations were issued but not yet effective and have not been applied by the Group :

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

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	Effective Date
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
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

With effect from 1 April 2012, the Group has adopted the Malaysia Financial Reporting Standard ("MFRS") issued by Malaysia Accounting Standard Board ("MASB") that will also comply with international Financial Reporting Standard ("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.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2012 was not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

The operations of the Group, other than the retailing division, are not subject to any seasonal or cyclical changes. The retail segment will benefit from higher consumer spending during festivals, school holidays and carnival sales.

A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

A5. CHANGES IN ESTIMATES OF AMOUNT REPORTED PREVIOUSLY

There were no changes in estimates of amount reported in prior interim periods of the current financial period or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. DEBTS AND EQUITY SECURITIES

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

A7. DIVIDENDS PAID

There were no dividends paid during the period under review.

A8. SEGMENTAL INFORMATION

	Engineering & Construction RM'000	Investment holding RM'000	Retailing RM'000	Discontinued Operations RM'000	Group RM'000
REVENUE					
Total revenue	-	52	39,629	1,715	41,396
Inter-segment revenue	-	(42)	(35)	-	(77)
External revenue	-	10	39,594	1,715	41,319

RESULTS

Segment results	8,793	1,948	965	11,706
Finance costs				(511)
Share of results of an associate				525
Profit/(Loss) before taxation				11,720
Income tax expenses				(462)
Profit/(Loss) after taxation				11,258

	Engineering & Construction RM'000	Investment holding RM'000	Retailing RM'000	Discontinued Operations RM'000	Group RM'000
OTHER INFORMATION					
Assets					
Segment assets	-	37,560	48,355	-	85,915
Disposal group	-	-	-	-	-
					85,915
Investment in an associates					6,073
Tax recoverable					153
					<u>92,141</u>
Segment liabilities					
Segment liabilities	-	953	26,121	-	27,074
Disposal group	-	-	-	-	-
					27,074
Provision for taxation					239
Unallocated liabilities					267
					<u>27,580</u>
Capital expenditure	-	(6)	(1,703)	(20)	(1,729)
Depreciation	-	94	866	433	1,393

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

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

There were no material events subsequent to the current period ended 30 September 2012.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no other material changes in the composition of the Group for the current quarter ended 30 September 2012.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 September 2012 are as follows :-

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	17,357	19,795

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the year ended 30 September 2012 are as follows:

Transaction parties	Nature of transaction	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
MX Too Sdn Bhd	Royalty and Sale of products	1,038	315
Roncato Sdn Bhd	Sale of products	786	1,373
MRZ Car Seat Sdn Bhd	Rental	-	25

The above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Period Ended 30 September 2012

NOTES TO THE INTERIM FINANCIAL REPORT

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

a) Performance of current quarter against the preceding year's corresponding quarter

The Group posted a revenue of RM21.90 million, representing increase of 13% against the corresponding preceding year quarter's revenue of RM20.52 million. The increase in revenue was due mainly to the added contribution from the new leather product line which was acquired by the retailing division in July 2012.

However the Group registered a loss before taxation of RM0.11 million as compared to the preceding year corresponding quarter's profit before taxation of RM0.93 million. This decline was mainly due to the share loss from an associate and the increase in operating expenses at group level for this particular quarter.

b) Performance of current 6 months' period against the preceding year's corresponding period

For the 6 months' financial period ended 30 September 2012, the Group registered a revenue of RM41.32million, 11% higher than the same period last year. The improvement was mainly attributed to the new adoption of retailing's marketing strategy and new leather products brand.

The Group achieved a higher profit before tax of RM11.72 million in this current period against the preceding year's corresponding period of RM1.68 million. This significant increase was due to the gain on disposal of a subsidiary.

Subsequent to the disposal of the subsidiaries in the engineering division, the Group's engineering and construction segment is remain dormant.

B2. COMPARISON WITH IMMEDIATE PRECEEDING QUARTER'S RESULTS

The Group recorded a loss before taxation of RM0.11 million for the current quarter, as compared to the profit before taxation of RM11.82 million for the immediate preceding quarter. A higher profit before taxation for the immediate preceding quarter was due to the gain on disposal of a subsidiary as earlier mentioned. The loss for this period is explained as in B1 (a) above.

B3. COMMENTARY ON PROSPECTS

The Board will continue to focus on its business of leather goods trading and remains optimistic on the prospects of the Group.

The Board is of the view that the cash proceeds arising from the disposal of a subsidiary has provided an opportunity to support the expansion of the Group's trading activities in the retail division as well as to finance the acquisition, and investment into synergistic and new viable ventures for the Group.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation charge included the following:

	Current Quarter RM'000	Financial Year to Date RM'000
In respect of current period		
- income tax	572	615
- deferred tax	-	-
In respect of prior year		
- income tax	-	(153)
- deferred tax	-	-
	<u>572</u>	<u>462</u>

B6. CORPORATE PROPOSALS

- a) There were no new outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report

On 20 June 2012, the Company had announced the completion of proposed disposal of 275,000 ordinary shares of RM1.00 each representing 55% equity interest in Dynamic Communication Link Sdn Bhd ("DCLSB") to Touch Mindcape Sdn Bhd for a total cash consideration of RM15,000,000 ("Proposed DCLSB Disposal").

The status of the utilisation of proceeds as at 30 September 2012 are as follow :

	Proposed Utilisation	Actual Utilisation	Balance Proceeds	Deviation		Intended Timeframe for utilisation	Explanations
	RM'000	RM'000	RM'000	RM'000	%		
Working capital	4,700	(2,973)	1,727	-	-	Within 2 years from the receipt of the proceeds	(a)
Future investments	10,000	(3,800)	6,200	-	-	Within 2 years from the receipt of the proceeds	(b)
Expenses related to the disposal	300	(634)	-	(334)	111	Within 1 month from the receipt of the proceeds	(c)
	<u>15,000</u>	<u>(7,407)</u>		<u>7,593</u>			

(a) The balance proceeds is expected to be fully utilized within the intended timeframe.

(b) After funded the shortfall of item (c), the balance of unutilise proceeds has placed into short term deposit until the investment been identified.

(c) The shortfall of the expenses was funded through item(b)

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 September 2012 as follow:-

Short Term	RM'000	RM'000
Hire purchase creditors	287	
Bill payable & Revolving credit	9,560	
Term loans	744	
Bank overdraft	-	10,591
		<hr/>
Long Term		
Hire purchase creditors	795	
Term Loans	4,341	5,136
		<hr/>
	Total	15,727

The bank above bank borrowings are secured over certain subsidiaries' properties, corporate guarantee of the Company and as well fixed deposits placed on lien.

B8. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation at the end of the reporting.

B9. DIVIDEND

No dividend has been declared nor recommended for the current period ended 30 September 2012.

B10. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue as follows :-

	Current Quarter	Financial Year to Date
Net profit/(loss) attributable to ordinary equity holders of the parent (RM'000) :-		
-Continuing operations	(423)	10,681
-Discontinued operations	(141)	317
	(564)	10,988
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	(1.01)	25.43
-Discontinued operations	(0.34)	0.76

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 30.09.2012 RM'000	As at 31.03.2012 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	17,373	6,894
- Unrealised	(267)	(262)
	<u>17,106</u>	<u>6,632</u>
Total share of retained profit from associates		
- Realised	6,073	5,548
- Unrealised	(660)	(660)
	<u>5,413</u>	<u>4,888</u>
The Group's retained profit as per consolidated accounts	<u>22,519</u>	<u>11,520</u>

B12. PROFIT FOR THE PERIOD

	Current Quarter RM'000	Financial Year to Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	66	91
Other income	312	441
Gain on disposal of equipments	-	1,163
Gain on disposal of a subsidiary	141	10,279
Interest expenses	(216)	(511)
Depreciation and amortization	(516)	(1,395)
Write off of equipments	(2)	(35)
	<u>(215)</u>	<u>10,033</u>

Other disclosure items pursuant to Note 16 of the Appendix 9B of the Main Market Listing Requirements are not applicable.

B13. AUTHORISATION FOR ISSUE

The Interim Financial Statement and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors.

BY ORDER OF THE BOARD

Pang Chia Tyng
Nalini A/P Subramaniam
Company Secretaries
Kuala Lumpur
26 November 2012