

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

| | CURRENT QUARTER ENDED 31/12/2012 RM'000 | COMPARATIVE QUARTER ENDED 31/12/2011 RM'000 | 9 Months CUMULATIVE TO 31/12/2012 RM'000 | 9 Months CUMULATIVE TO 31/12/2011 RM'000 |
|---|---|---|--|--|
| CONTINUING OPERATIONS | | | | |
| Revenue | 25,817 | 20,303 | 85,421 | 53,168 |
| Operating Expenses | (23,260) | (18,941) | (64,089) | (51,091) |
| Other Income | 252 | 72 | 12,218 | 164 |
| Profit/(loss) from Operations | 2,809 | 1,434 | 13,550 | 2,238 |
| Finance costs | (241) | (218) | (664) | (640) |
| Share of results of an associate | 489 | 101 | 1,024 | 1,307 |
| Profit/(loss) before tax | 3,067 | 1,317 | 19,910 | 2,906 |
| Taxation | (794) | (538) | (956) | (1,037) |
| Profit/(loss) after taxation from continuing operations | 2,273 | 779 | 12,954 | 1,869 |
| DISCONTINUED OPERATIONS | | | | |
| Profit/(loss) after taxation from discontinued operations | - | 313 | 577 | 353 |
| Profit/(loss) after taxation | 2,273 | 1,092 | 13,531 | 2,222 |
| Other comprehensive Income | - | - | - | - |
| Total comprehensive Income/(expenses) for the year/period | 2,273 | 1,092 | 13,531 | 2,222 |
| Net profit/(loss) attributable to : | | | | |
| Equity holders of the parent | 2,273 | 736 | 13,272 | 1,234 |
| Minority interests | - | 356 | 259 | 988 |
| | 2,273 | 1,092 | 13,531 | 2,222 |
| Total comprehensive Income attributable to : | | | | |
| Owners of the Company | 2,273 | 736 | 13,272 | 1,234 |
| Minority Interest | - | 356 | 259 | 988 |
| | 2,273 | 1,092 | 13,531 | 2,222 |
| Earnings/(Loss) per share (sen) | | | | |
| (a) Basic | | | | |
| - continuing operations | 5.41 | 1.85 | 30.84 | 4.45 |
| - discontinued operations | - | (0.10) | 0.76 | (1.51) |
| (b) Diluted | | | | |
| - continuing operations | - | - | - | - |
| - discontinued operations | - | - | - | - |
| Note no. 1 ** - Revenue consists of the following :- | | | | |
| - continuing operations | 25,817 | 20,303 | 65,421 | 53,168 |
| - discontinued operations | - | 1,795 | 1,715 | 6,265 |
| | 25,817 | 22,098 | 67,136 | 59,431 |

MESB BERHAD (337554-D)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

| | AS AT 31/12/2012 RM'000 | AS AT 31/03/2012 RM'000 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 14,471 | 13,834 |
| Investment in associated company | 6,572 | 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 | 20,470 | 13,685 |
| Debtors | 17,467 | 11,807 |
| Tax Recoverable | 153 | 153 |
| Cash and bank balances | 16,019 | 8,990 |
| | <u>54,109</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>54,109</u> | <u>53,105</u> |
| Total Assets | <u>100,360</u> | <u>97,195</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent : | | |
| Share capital | 42,000 | 42,000 |
| Reserves | 24,834 | 11,562 |
| Capital and Reserves | <u>66,834</u> | <u>53,562</u> |
| Non-controlling interests | <u>0</u> | <u>3,759</u> |
| Total equity | <u>66,834</u> | <u>57,321</u> |
| Non-current liabilities | | |
| Hire purchase creditors | 723 | 882 |
| Deferred tax liabilities | 267 | 267 |
| Term loans | 4,147 | 4,715 |
| | <u>5,137</u> | <u>5,864</u> |
| Current Liabilities | | |
| Creditors | 14,824 | 10,348 |
| Amount owing to contract customers | 0 | 0 |
| Amount owing to director | 76 | 76 |
| Hire purchase creditors | 287 | 268 |
| Term loans | 756 | 724 |
| Bank overdrafts | 0 | 0 |
| Bankers' acceptances, revolving credit and trust receipts | 11,723 | 12,334 |
| Taxation | 723 | 605 |
| | <u>28,389</u> | <u>24,345</u> |
| Liabilities of disposal group classified as held for sale | <u>0</u> | <u>9,665</u> |
| | <u>28,389</u> | <u>34,010</u> |
| Total liabilities | <u>33,526</u> | <u>39,874</u> |
| Total equity and liabilities | <u>100,360</u> | <u>97,195</u> |
| Net Assets per share attributable to ordinary equity holders of the parent(RM) | | |
| | <u>1.59</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 31 DECEMBER 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 | | | |
| 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 | - | - | 13,272 | - | 13,272 | 259 | 13,531 |
| Disposal of a subsidiary | | | | | | (4,018) | (4,018) |
| At 31 December 2012 | <u>42,000</u> | <u>5</u> | <u>24,792</u> | <u>37</u> | <u>66,834</u> | <u>-</u> | <u>66,834</u> |
| 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 | - | - | 1,234 | - | 1,234 | 988 | 2,222 |
| At 31 December 2011 | <u>42,000</u> | <u>5</u> | <u>11,414</u> | <u>37</u> | <u>53,456</u> | <u>3,858</u> | <u>57,314</u> |

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

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

| | 8 MONTHS ENDED 31/12/2012 RM'000 | 12 MONTHS ENDED 31/03/2012 RM'000 |
|--|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before tax from continuing operations | 13,910 | 4,075 |
| Profit/(loss) before tax from discontinued operations | 877 | (31) |
| Net profit before taxation | <u>14,787</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 | 1,835 | 3,538 |
| Equipment written off | - | 236 |
| Interest expenses | 752 | 1,360 |
| (gain)/loss on foreign exchange | - | (6) |
| Gain on disposal of a subsidiary | (10,279) | (1,561) |
| Write off other investment | - | 146 |
| Write off equipments | 149 | - |
| (Write-back of)/ inventories | - | (20) |
| Gain on disposal of equipment | (1,167) | (23) |
| Interest income | (161) | (307) |
| Share of profit in an associate | (1,024) | (1,696) |
| Operating profit before working capital and non-current assets changes | 4,894 | 6,108 |
| Increase In Inventories | (6,785) | (1,961) |
| Increase/(Decrease) in trade and other receivables | (4,832) | (3,851) |
| (Increase)/Decrease in trade and other payables | 4,487 | 4,859 |
| Net decrease/(increase) in amount owing by contract customers | - | 2,089 |
| Cash from/(for) operating activities | (2,236) | 7,244 |
| Income tax(paid)/ refunded | (840) | (1,220) |
| Interest paid | (752) | (1,360) |
| Net cash from/(for) operating activities | <u>(3,828)</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) |
| Purchase of property, plant and equipment | (2,213) | (1,501) |
| Interest received | 161 | 103 |
| Proceeds from disposal of property, plant and equipment | 1,748 | 23 |
| Net cash/(used in) from investing activities | 12,621 | (6,509) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to minority interest | - | - |
| Repayment to a director | - | - |
| Net drawdown/(repayments) of bank borrowings | (2,789) | 2,379 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(2,789)</u> | <u>2,379</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 10,015 | 9,481 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | <u>16,019</u> | <u>10,015</u> |
| Note : | | |
| (1) Cash & Cash Equivalents for the year ended 31 December 2012 consists of the following :- | | |
| Continuing operations: | | |
| Cash & Cash Equivalents | 16,019 | 8,990 |
| Bank Overdraft | 0 | - |
| | <u>16,019</u> | <u>8,990</u> |
| Discontinued operation : | | |
| Cash & Cash Equivalents | 0 | 1,025 |
| Bank Overdraft | 0 | - |
| | <u>16,019</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 31 December 2012

The figures have not been audited.

NOTES TO THE INTERIM FINANCIAL REPORT

**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134
("MFRS 134")**

A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 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.

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 the International Financial Reporting Standard ("IFRSs").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated financial statements for part of the period covered by the Group's first MFRS annual financial statements for the financial year ending 31 March 2013. MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standard ("MFRS 1") has been applied.

The transition from FRS to MFRS did not result in any substantial change to the Group's accounting policies nor any significant impact on its financial statements, as the accounting policies adopted by the Group under the previous FRS framework are consistent with those of the MFRS framework.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2012 was not subject to any audit 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 the festivals, school holidays and carnival sales.

A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no items of exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review 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 | - | 77 | 65,418 | 1,715 | 67,210 |
| Inter-segment revenue | - | (63) | (11) | - | (74) |
| External revenue | - | 14 | 65,407 | 1,715 | 67,136 |

RESULTS

| | | | | | |
|----------------------------------|---|-------|-------|-----|---------|
| Segment results | - | 8,489 | 5,061 | 965 | 14,515 |
| Finance costs | | | | | (752) |
| Share of results of an associate | | | | | 1,024 |
| Profit/(Loss) before taxation | | | | | 14,787 |
| Income tax expenses | | | | | (1,256) |
| Profit/(Loss) after taxation | | | | | 13,531 |

| | Engineering & Construction RM'000 | Investment holding RM'000 | Retailing RM'000 | Discontinued Operations RM'000 | Group RM'000 |
|-----------------------------|--|---------------------------------|---------------------|--------------------------------------|-----------------|
| OTHER INFORMATION | | | | | |
| Assets | | | | | |
| Segment assets | - | 37,137 | 56,498 | - | 93,635 |
| Disposal group | - | - | - | - | - |
| | | | | | 93,635 |
| Investment in an associates | | | | | 6,572 |
| Tax recoverable | | | | | 153 |
| | | | | | <u>100,360</u> |
| Segment liabilities | | | | | |
| Segment liabilities | - | 871 | 31,665 | - | 32,536 |
| Disposal group | - | - | - | - | - |
| | | | | | 32,536 |
| Provision for taxation | | | | | 723 |
| Unallocated liabilities | | | | | 267 |
| | | | | | <u>33,526</u> |
| Capital expenditure | - | (6) | (2,187) | (20) | (2,213) |
| Depreciation | - | 141 | 1,261 | 433 | 1,835 |

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current financial year. 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 31 December 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 31 December 2012.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2012 are as follows :-

| | As at 31/12/2012 RM'000 | As at 31/12/2011 RM'000 |
|--|-------------------------------|-------------------------------|
| Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries | 17,836 | 25,633 |

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 31 December 2012 are as follows:

| Transaction parties | Nature of transaction | As at 31/12/2012 RM'000 | As at 31/12/2011 RM'000 |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|
| MX Too Sdn Bhd | Royalty and Sale of products | 1,774 | 1,786 |
| Roncato Sdn Bhd | Sale of products | 1,179 | 1,899 |
| MRZ Car Seat Sdn Bhd | Rental | - | 34 |
| Orlando Corporation Sdn Bhd | Sale of products | 104 | - |

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 31 December 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 RM25.82 million, representing an increase of 17% against the preceding year corresponding quarter's revenue of RM22.10 million. The increase in revenue was mainly contributed by the retailing division's consignment sales from the nationwide year-end sales during the festival season.

In line with the growth in revenue, the Group achieved a higher profit before taxation of RM3.07 million as compared to the preceding year corresponding quarter's profit before taxation of RM1.67 million.

b) Performance of current 9 months' period against the preceding year's corresponding period

For the 9 months ended 31 December 2012, the Group registered a revenue of RM67.14 million, 13% higher than the same period last year of RM59.43 million. The growth was mainly attributed to the consignment sales in retailing business.

The Group achieved a higher profit before tax of RM14.79 million in this current period against the preceding year's corresponding period of RM3.36 million. This significant increase was mainly due to the gain on disposal of a subsidiary of RM 10.28 million and better performance achieved by retailing business.

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

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group registered a profit before taxation of RM3.07 million for the current quarter, as compared to the loss before taxation of RM0.11 million in the immediate preceding quarter. This improvement was mainly attributed to the increase in revenue of the retailing business and lower operating expenses of the Company.

B3. COMMENTARY ON PROSPECTS

With the completion of acquisition of brand name "GIAMAX" and "GMX" by the retailing division, the acquisition will contribute positively to the revenue and the results of the Group. In addition, the cash proceeds arising from the disposal of a subsidiary, which was completed on 20 June 2012 will provide an opportunity to support the expansion of the Group's core business.

Barring any unforeseen circumstance, the group is expected to achieve satisfactory results for the remaining period of the financial year.

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 | 794 | 1,409 |
| - deferred tax | - | - |
| In respect of prior year | | |
| - income tax | - | (153) |
| - deferred tax | - | - |
| | <u>794</u> | <u>1,256</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.

The status of the utilisation of proceeds as at 31 December 2012 are as follow :

| | Proposed Utilisation | Actual Utilisation | Balance Proceeds | Deviation | | Intended Timeframe for utilisation | Explanations |
|----------------------------------|-------------------------|-----------------------|---------------------|-----------|-----|---|--------------|
| | RM'000 | RM'000 | | RM'000 | % | | |
| Working capital | 4,700 | (3,973) | 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) | (334) | 111 | Within 1 month from the receipt of the proceeds | (c) |
| | 15,000 | (8,407) | 6,593 | | | | |

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

(b) After funding the shortfall of item (c), the balance of unutilised proceeds has placed into short term deposit until such relevant investment has been identified.

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

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2012 are as follow:-

| | | |
|---------------------------------|--------------|---------------|
| Short Term | RM'000 | RM'000 |
| Hire purchase creditors | 287 | |
| Bill payable & Revolving credit | 11,723 | |
| Term loans | 756 | |
| Bank overdraft | <u>0</u> | 12,766 |
| Long Term | | |
| Hire purchase creditors | 723 | |
| Term Loans | <u>4,147</u> | 4,870 |
| | Total | <u>17,636</u> |

The above bank borrowings are secured over certain subsidiaries' properties, corporate guarantee of the Company as well as 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 period.

B9. DIVIDEND

No dividend has been declared nor recommended for the current period ended 31 December 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 | 2,273 | 12,954 |
| -Discontinued operations | - | 318 |
| | <u>2,273</u> | <u>13,272</u> |
| Number of ordinary shares in issue (in thousand) | 42,000 | 42,000 |
| Basic earnings per share (sen) : | | |
| -Continuing operations | 5.41 | 30.84 |
| -Discontinued operations | - | 0.76 |

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

| | As at 31/12/2012 RM'000 | As at 31/03/2012 RM'000 |
|--|-------------------------------|-------------------------------|
| Total retained profits of the Company and its subsidiaries : | | |
| - Realised | 19,147 | 6,894 |
| - Unrealised | (267) | (262) |
| | <u>18,880</u> | <u>6,632</u> |
| Total share of retained profit from associates | | |
| - Realised | 6,572 | 5,548 |
| - Unrealised | (660) | (660) |
| | <u>24,792</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 | 69 | 160 |
| Other income | 180 | 621 |
| Gain on disposal of equipments | 3 | 1,166 |
| Gain on disposal of a subsidiary | - | 10,279 |
| Interest expenses | (241) | (752) |
| Depreciation and amortization | (442) | (1,837) |
| Write off of equipments | (114) | (149) |
| | <u>(545)</u> | <u>9,488</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
Lim Lee Kuan
Company Secretaries
Kuala Lumpur
25 February 2013