

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	CURRENT QUARTER ENDED 30/09/2013 RM'000	COMPARATIVE QUARTER ENDED 30/09/2012 RM'000	6 Months CUMULATIVE TO 30/09/2013 RM'000	6 Months CUMULATIVE TO 30/09/2012 RM'000
CONTINUING OPERATIONS				
Revenue	23,588	21,900	44,577	39,604
Operating Expenses	(23,079)	(22,195)	(43,460)	(40,664)
Other Income	3,417	521	3,661	11,966
Profit/(loss) from Operations	3,926	226	4,778	10,906
Finance costs	(220)	(216)	(468)	(423)
Share of results of an associate	(65)	(46)	543	525
Profit/(loss) before tax	3,641	(36)	4,853	11,008
Taxation	(327)	(315)	(636)	(162)
Profit/(loss) after taxation from continuing operations	3,314	(351)	4,217	10,846
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	(329)	(69)	412
Profit/(loss) after taxation	3,314	(680)	4,148	11,258
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	3,314	(680)	4,148	11,258
Net profit/(loss) attributable to :				
Equity holders of the parent	3,314	(564)	4,148	10,999
Minority interests	-	(116)	-	259
	3,314	(680)	4,148	11,258
Total comprehensive income attributable to :				
Owners of the Company	3,314	(564)	4,148	10,999
Minority interest	-	(116)	-	259
	3,314	(680)	4,148	11,258
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	7.89	0.84	10.04	25.82
- discontinued operations	-	0.51	0.16	0.36
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	23,588	21,900	44,577	39,604
- discontinued operations	-	-	-	1,715
	23,588	21,900	44,577	41,319

MESB BERHAD (337554-D)

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	AS AT 30/09/2013 RM'000	AS AT 31/03/2013 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	8,509	12,835
Investment in associated company	7,373	6,830
Other investments	40	40
Intangible asset	500	500
Other assets	0	0
Goodwill on consolidation	24,668	24,668
Current Assets		
Amount owing by contract customers	0	0
Inventories	21,223	18,707
Debtors	15,315	14,892
Tax Recoverable	153	153
Cash and bank balances	13,353	17,247
	<u>50,044</u>	<u>50,999</u>
Non-current asset classified as held for sale	3,868	1,612
Assets of disposal group classified as held for sale		<u>20</u>
	<u>53,912</u>	<u>52,631</u>
Total Assets	<u>95,002</u>	<u>97,504</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	28,322	24,174
Capital and Reserves	<u>70,322</u>	<u>66,174</u>
Non-controlling interests	<u>0</u>	<u>0</u>
Total equity	<u>70,322</u>	<u>66,174</u>
Non-current liabilities		
Hire purchase creditors	504	650
Deferred tax liabilities	324	264
Term loans	<u>3,547</u>	<u>3,950</u>
	<u>4,375</u>	<u>4,864</u>
Current Liabilities		
Creditors	7,997	9,290
Amount owing to director	0	76
Hire purchase creditors	287	289
Term loans	793	768
Bank overdrafts	432	0
Bankers' acceptances, revolving credit and trust receipts	10,268	15,552
Taxation	528	488
	<u>20,305</u>	<u>26,463</u>
Liabilities of disposal group classified as held for sale	<u>0</u>	<u>3</u>
	<u>20,305</u>	<u>26,466</u>
Total liabilities	<u>24,680</u>	<u>31,330</u>
Total equity and liabilities	<u>95,002</u>	<u>97,504</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)	<u>1.67</u>	<u>1.58</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	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 2013 : -	42,000	5	24,132	37	66,174	-	66,174
Total comprehensive income for the financial year	-	-	4,148	-	4,148	-	4,148
Realisation on revaluation reserve					-	-	-
At 30 September 2013	<u>42,000</u>	<u>5</u>	<u>28,280</u>	<u>37</u>	<u>70,322</u>	<u>-</u>	<u>70,322</u>
At 1 April 2012 : -	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	<u>42,000</u>	<u>5</u>	<u>22,519</u>	<u>37</u>	<u>64,561</u>	<u>-</u>	<u>64,561</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 2013)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	6 Months ENDED 30/09/2013 RM'000	12 MONTHS ENDED 31/03/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	4,853	13,705
Profit/(loss) before tax from discontinued operations	(69)	516
Net profit before taxation	<u>4,784</u>	<u>14,221</u>
Adjustments for :-		
Allowance for impairment losses on receivables	-	30
Allowance for impairment losses on receivables written back	-	(200)
Amortisation of intangible asset	-	2
Bad debts written off	-	-
Depreciation of property, plant and equipments	934	2,317
Interest expenses	467	954
(gain)/loss on foreign exchange	-	-
Gain on disposal of group classified as held for sale	(107)	(10,279)
Write off other investment	-	-
Write off equipments	96	153
(Write-back of)/ inventories	36	92
Gain on disposal of equipment	-	(44)
Gain on disposal of non-current asset held for sale	(3,419)	(1,123)
Interest income	(163)	(231)
Share of profit in an associate	(543)	(1,282)
Operating profit before working capital and non-current assets changes	<u>2,085</u>	<u>4,610</u>
Increase in inventories	(2,552)	(5,114)
Increase/(Decrease) in trade and other receivables	(423)	(2,088)
(Increase)/Decrease in trade and other payables	<u>(1,237)</u>	<u>(1,045)</u>
Cash from/(for) operating activities	(2,127)	(3,637)
Income tax(paid)/ refunded	(537)	(1,173)
Interest paid	(467)	(954)
Net cash from/(for) operating activities	<u>(3,131)</u>	<u>(5,764)</u>
Cash Flow From Investing Activities		
Purchase of intangible asset	-	(500)
Cash inflow from disposal of a subsidiary	(4)	-
Purchase of property, plant and equipment	(571)	(2,600)
Interest received	163	231
Proceeds from disposal of a subsidiary	56	13,425
Proceeds from disposal of non-current asset held for sale	-	1,700
Proceed from disposal of non-current asset held for sale	5,030	-
Proceeds from disposal of property, plant and equipment	-	52
Net cash/(used in) from investing activities	<u>4,674</u>	<u>12,308</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to a director	(76)	-
Net drawdown/(repayments) of bank borrowings	(5,810)	705
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(5,886)</u> <u>(4,343)</u>	<u>705</u> <u>7,249</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>17,264</u>	<u>10,015</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>12,921</u></u>	<u><u>17,264</u></u>
Note :		
(1) Cash & Cash Equivalents for the year ended 30 September 2013 consists of the following :-		
Continuing operations:		
Cash & Cash Equivalents	13,353	17,247
Bank Overdraft	(432)	-
	<u>12,921</u>	<u>17,247</u>
Discontinued operation :		
Cash & Cash Equivalents	0	17
Bank Overdraft	0	-
	<u>0</u>	<u>17</u>
	<u>12,921</u>	<u>17,264</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013)

MESB BERHAD (337554-D)

Interim Financial Report for the Financial Period Ended 30 September 2013

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 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 2013, which have been prepared in compliance with Malaysia Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The significant accounting policies and methods of computation adopted for interim financial report are consistent with those adopted for the audited financial statement for the financial year ended 31 March 2013.

The adoption of the following accounting standards and interpretations (including the consequential amendments) effective for annual periods beginning on or after 1 January 2013 :-

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to MFRSs 2009 – 2011 Cycle

The above accounting standards and interpretations did not have any financial impact on the Group's financial Statement.

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

- MFRS 9 Financial Instruments (effective on or after 1 January 2014)
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities (effective from 1 January 2014)
- Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures (effective from 1 January 2015)
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities (effective from 1 January 2014)

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2013 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

	Individual Quarter		Cumulative Quarters	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Segment Revenue				
- Investment Holding	26	26	52	52
- Retailing	23,583	21,930	44,567	39,629
- Discontinued Operations	-	-	-	1,715
Total Revenue	23,609	21,956	44,619	41,396
Inter-Segment Revenue				
- Investment Holding	(21)	(21)	(42)	(42)
- Retailing	-	(35)	-	(35)
- Discontinued Operations	-	-	-	-
	(21)	(56)	(42)	(77)
External Revenue				
- Investment Holding	5	5	10	10
- Retailing	23,583	21,895	44,567	39,594
- Discontinued Operations	-	-	-	1,715
	23,588	21,900	44,577	41,319
Segment Results				
- Investment Holding	2,927	(707)	2,877	8,958
- Retailing	999	934	1,901	1,948
- Discontinued Operations	-	(73)	(69)	800
	3,926	154	4,709	11,706
Finance costs	(220)	(216)	(468)	(511)
Share of results of an associate	(65)	(46)	543	525
Profit (Loss) before taxation	3,641	(108)	4,784	11,720
Taxation	(327)	(572)	(636)	(462)
Profit (Loss) before taxation	3,314	(680)	4,148	11,258

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current period. The valuation of land and buildings had been brought forward without amendment from the previous annual 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 2013.

A11. CHANGES IN COMPOSITION OF THE GROUP

Other than disclosed below, there were no other material changes in the composition of the Group for the period ended 30 September 2013.

On 11 June 2013, the Company had completed disposal of MESB Development Sdn Bhd to Leong Chee Chung and Koh Keng Keat as announced on 28 May 2013.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 September 2013 are as follows :-

	As at 30/09/2013 RM'000	As at 30/9/2012 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiary	15,041	17,357

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 30 September 2013 are as follows:

Transaction parties	Nature of transaction	As at 30/09/2013 RM'000	As at 30/9/2012 RM'000
MX Too Sdn Bhd	Royalty and Sale of products	1,540	1,038
Roncato Sdn Bhd	Sale of products	1,302	786
Orlando Corporation Sdn Bhd	Sale of products	154	-
MESB Technology Sdn Bhd	Sale of products	2	-

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 2013

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

	Individual Quarter		Cumulative Quarters	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Segment Revenue				
- Investment Holding	5	5	10	10
- Retailing	23,583	21,895	44,567	39,594
- Discontinued Operations	-	-	-	1,715
	<u>23,588</u>	<u>21,900</u>	<u>44,577</u>	<u>41,319</u>
Segment Results				
- Investment Holding	2,927	(707)	2,877	8,958
- Retailing	999	934	1,901	1,948
- Discontinued Operations	-	(73)	(69)	800
	<u>3,926</u>	<u>154</u>	<u>4,709</u>	<u>11,706</u>

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

Group revenue increased by 8% to RM23.60 million for the current quarter compared to the preceding year's corresponding quarter due to increase in revenue in the retailing segment.

For the quarter under review, the Group's other income has increased by RM2.90 million, on account of gain on disposal of non-current assets held for sale. This resulted in significant increase in profit before taxation to RM3.64million as compared to the loss before taxation of RM0.11 million for the preceding year's corresponding quarter.

On the Retailing segment, the revenue increased by 8% to RM23.58 million. This has resulted segment profit increased by 7% to RM1.00 million.

Investment Holding Segment's revenue was maintained at the same level as compared to the preceding year's corresponding quarter whilst the segment's profit increased by RM3.63million mainly from the disposal of non-current asset held for sale.

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

On a year-to-year basis, the Group's revenue increased by 8% to RM44.58 million as compared to RM41.32 million reported in the preceding year's corresponding period whilst the pre-tax profit declined by 60% to RM4.79 million in the current financial year against the preceding year's corresponding period of RM11.72 million mainly due to the recognition of gain on disposal of equity interest in Dynamic Communication Link Sdn Bhd reported in the previous corresponding period.

On Retailing segment, the revenue increased by 12% to RM44.57 million. The growth was driven by revenue from new brand. However, the segment's profit was declined by 2% to RM1.90 million due to the non-recurring income posted in previous corresponding period.

Investment Holding segment's result declined to RM2.88 million driven by the recognition of gain on disposal of a subsidiary in previous corresponding period as elaborated above.

B2. COMPARISON WITH IMMEDIATE PRECEEDING QUARTER'S RESULTS

The Group recorded a profit before taxation of RM3.64 million for the current quarter, as compared to the profit before taxation of RM1.14 million for the immediate preceding quarter. The improvement in profit before taxation mainly due to the recognition of gain on disposal of non-current assets held for sale.

B3. COMMENTARY ON PROSPECTS

Based on the financial performance to date, the Group expects to achieve a similar revenue growth for the coming financial year. The Group will continue to focus and expanding on its business of leather goods trading and seek new business opportunities to further add value to the Group's earnings.

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	327	577
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	-	59
	<u>327</u>	<u>636</u>

B6. CORPORATE PROPOSALS

There were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report except for the following :

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 at the end of the reporting period 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	(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 30 September 2013 as follow:-

Short Term	RM'000	RM'000
Hire purchase creditors	287	
Bankers' acceptance	10,268	
Term loans	793	
Bank overdraft	432	11,780
	<u> </u>	
Long Term		
Hire purchase creditors	504	
Term Loans	3,547	4,051
	<u> </u>	
	Total	<u>15,831</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 30 September 2013.

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	3,314	4,217
-Discontinued operations	-	(69)
	3,314	4,148
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	7.89	10.04
-Discontinued operations	-	(0.16)

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 30.09.2013 RM'000	As at 31.03.2013 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	21,891	18,226
-Unrealised	(324)	(264)
	<u>21,567</u>	<u>17,962</u>
Total share of retained profit from associates		
- Realised	7,331	6,788
- Unrealised	(618)	(618)
	<u>6,713</u>	<u>6,170</u>
The Group's retained profit as per consolidated accounts	<u>28,280</u>	<u>24,132</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	106	163
Other income	51	131
Gain on disposal of equipment	-	-
Gain on disposal of non-current assets held for sale	3,259	3,259
Gain on disposal of a subsidiary	-	107
Interest expenses	(219)	(467)
Depreciation and amortisation	(453)	(934)
Writedown of inventories	(16)	(36)
Write off of equipment	(95)	(96)
	<u>2,633</u>	<u>2,127</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.