

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

	CURRENT QUARTER ENDED 30/06/2014 RM'000	COMPARATIVE QUARTER ENDED 30/06/2013 RM'000	3 Months CUMULATIVE TO 30/06/2014 RM'000	3 Months CUMULATIVE TO 30/06/2013 RM'000
CONTINUING OPERATIONS				
Revenue	18,202	20,989	18,202	20,989
Operating Expenses	(19,115)	(20,381)	(19,115)	(20,381)
Other income	168	244	108	244
Profit/(loss) from Operations	(745)	852	(745)	852
Finance costs	(153)	(248)	(153)	(248)
Share of results of an associate	159	608	159	608
Profit/(loss) before tax	(739)	1,212	(739)	1,212
Taxation	(6)	(309)	(6)	(309)
Profit/(loss) after taxation from continuing operations	(745)	903	(745)	903
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	(69)	-	(69)
Profit/(loss) after taxation	(745)	834	(745)	834
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses) for the year/period	(745)	834	(745)	834
Net profit/(loss) attributable to :				
Equity holders of the parent	(745)	834	(745)	834
Minority interests	-	-	-	-
	(745)	834	(745)	834
Total comprehensive income attributable to :				
Owners of the Company	(745)	834	(745)	834
Minority interest	-	-	-	-
	(745)	834	(745)	834
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(1.77)	2.15	(1.77)	2.15
- discontinued operations	-	(0.16)	-	(0.16)
(b) Diluted				
- continuing operations	-	-	-	-
- discontinued operations	-	-	-	-
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	18,202	20,989	18,202	20,989
- discontinued operations	-	-	-	-
	18,202	20,989	18,202	20,989

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 June 2014

	AS AT 30/06/2014 RM'000	AS AT 31/03/2014 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	8,118	8,258
Investment in associated company	7,888	7,720
Other investments	40	40
Intangible asset	500	500
Other assets	0	0
Goodwill on consolidation	24,668	24,668
Current Assets		
Inventories	17,344	15,731
Debtors	12,354	15,004
Tax Recoverable	161	156
Cash and bank balances	22,134	30,682
	<u>51,993</u>	<u>61,573</u>
Non-current asset classified as held for sale	0	0
Assets of disposal group classified as held for sale	<u>0</u>	<u>0</u>
	<u>51,993</u>	<u>61,573</u>
Total Assets	<u>93,208</u>	<u>102,809</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	42,000	42,000
Reserves	<u>38,625</u>	<u>39,370</u>
Capital and Reserves	80,625	81,370
Non-controlling interests	<u>0</u>	<u>0</u>
Total equity	<u>80,625</u>	<u>81,370</u>
Non-current liabilities		
Hire purchase creditors	319	363
Deferred tax liabilities	43	43
Term loans	<u>781</u>	<u>374</u>
	<u>1,143</u>	<u>1,280</u>
Current Liabilities		
Creditors	5,249	3,550
Hire purchase creditors	258	284
Term loans	541	623
Bank overdrafts	903	0
Bankers' acceptances, revolving credit and trust receipts	4,491	15,433
Taxation	<u>0</u>	<u>289</u>
	11,440	20,159
Liabilities of disposal group classified as held for sale	<u>0</u>	<u>0</u>
	<u>11,440</u>	<u>20,159</u>
Total liabilities	<u>12,583</u>	<u>21,439</u>
Total equity and liabilities	<u>93,208</u>	<u>102,809</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.92</u>	<u>1.94</u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

	← Attributable to equity holders of the parent →				Minority Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Capital Reserve RM'000		
At 1 April 2014 :-	42,000	5	39,328	37	-	81,370
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(745)	-	-	(745)
At 30 June 2014	<u>42,000</u>	<u>5</u>	<u>38,583</u>	<u>37</u>	<u>-</u>	<u>80,625</u>
At 1 April 2013 :-	42,000	5	24,132	37	-	66,174
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	834	-	-	834
At 30 June 2013	<u>42,000</u>	<u>5</u>	<u>24,966</u>	<u>37</u>	<u>-</u>	<u>67,008</u>

(The above Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014)

MESB BERHAD (337664-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2014

	3 Months ENDED 30/06/2014 RM'000	12 MONTHS ENDED 31/03/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	(745)	16,116
Profit/(loss) before tax from discontinued operations	-	(75)
Net profit before taxation	<u>(745)</u>	<u>16,041</u>
Adjustments for :-		
Allowance for impairment losses on receivables	-	15
Allowance for impairment losses on receivables written back	-	(45)
Amortisation of intangible asset	-	-
Bad debts written off	-	56
Depreciation of property, plant and equipments	429	1,852
Interest expenses	153	925
(gain)/loss on foreign exchange	-	-
Gain on disposal of group classified as held for sale	-	(107)
Write off other investment	-	-
Write off equipments	-	236
Inventories written down	40	132
Gain on disposal of property and equipment	-	(10,308)
Gain on disposal of non-current asset held for sale	-	(3,217)
Interest income	(147)	(326)
Share of profit in an associate	(159)	(900)
Operating profit before working capital and non-current assets changes	<u>(429)</u>	<u>4,354</u>
Increase in inventories	(1,653)	2,644
Increase/(Decrease) in trade and other receivables	2,649	(136)
(Increase)/Decrease in trade and other payables	1,688	(5,885)
Cash from/(for) operating activities	<u>2,266</u>	<u>1,375</u>
Income tax (paid)/ refunded	(281)	(1,286)
Interest paid	(153)	(925)
Net cash from/(for) operating activities	<u>1,832</u>	<u>(836)</u>
Cash Flow From Investing Activities		
Purchase of intangible asset	-	-
Cash inflow from disposal of a subsidiary	-	-
Purchase of property, plant and equipment	(249)	(1,408)
Interest received	147	326
Repayment to a director	-	(76)
(Up)liftment/(Placement) of fixed deposits pledged	(187)	(5,515)
Proceeds from disposal of a subsidiary	-	52
Proceeds from disposal of non-current asset held for sale	-	4,829
Proceeds from disposal of property, plant and equipment	-	14,165
Net cash/(used in) from investing activities	<u>(289)</u>	<u>12,373</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayments) of bank borrowings	<u>(11,186)</u>	<u>(3,632)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,643)</u>	<u>7,903</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>21,693</u>	<u>13,790</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>12,050</u>	<u>21,693</u>
Note :		
(1) The Cash & Cash Equivalents comprise of the following :-		
	3 Months ENDED 30/06/2014 RM'000	12 MONTHS ENDED 31/03/2014 RM'000
Deposits with licensed banks	16,985	16,730
Cash and bank balances	5,139	13,952
Bank Overdraft	(903)	-
	<u>21,221</u>	<u>30,682</u>
Less : Deposit pledged to licensed banks	(9,171)	(8,989)
	<u>12,050</u>	<u>21,693</u>

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014)

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Period Ended 30 June 2014

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 2014, 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 signification 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 2014, except for the adoption of the following accounting standards and interpretations (including the consequential amendments) which are effective for the financial period commencing on 1 January 2014 :-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) announced) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures))
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

1 July 2014
1 July 2014

The above accounting standards and interpretations are not expected to have material impact on the financial statements of the Group upon its initial application.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2014 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	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Segment Revenue				
- Investment Holding	26	26	26	26
- Retailing	18,197	20,984	18,197	20,984
	<u>18,223</u>	<u>21,010</u>	<u>18,223</u>	<u>21,010</u>
Discontinued Operations	-	-	-	-
Total Revenue	<u>18,223</u>	<u>21,010</u>	<u>18,223</u>	<u>21,010</u>
Segment Revenue				
- Investment Holding	(21)	(21)	(21)	(21)
- Retailing	-	-	-	-
	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>
Discontinued Operations	-	-	-	-
Inter-Segment Revenue	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>
Segment Revenue				
- Investment Holding	5	5	5	5
- Retailing	18,197	20,984	18,197	20,984
	<u>18,202</u>	<u>20,989</u>	<u>18,202</u>	<u>20,989</u>
Discontinued Operations	-	-	-	-
External Revenue	<u>18,202</u>	<u>20,989</u>	<u>18,202</u>	<u>20,989</u>
Segment Results				
- Investment Holding	(73)	(49)	(73)	(49)
- Retailing	(672)	901	(672)	901
	<u>(745)</u>	<u>852</u>	<u>(745)</u>	<u>852</u>
Discontinued Operations	-	(69)	-	(69)
	<u>(745)</u>	<u>783</u>	<u>(745)</u>	<u>783</u>
Finance costs	(153)	(248)	(153)	(248)
Share of results of an associate	159	608	159	608
Profit (Loss) before taxation	<u>(739)</u>	<u>1,143</u>	<u>(739)</u>	<u>1,143</u>
Taxation	(6)	(309)	(6)	(309)
Profit (Loss) before taxation	<u>(745)</u>	<u>834</u>	<u>(745)</u>	<u>834</u>

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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 June 2014.

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 June 2014.

On 11 June 2014, the Company had incorporated a new subsidiary company, namely PC Global Trends Sdn Bhd ("PCGT") with an issued and paid up capital of RM100.00 of which 51% owned by the Company and the remaining 49% by Mr Lim Chee Cheng. Its principal activity is to carry on business of importers, exporters, retailers agent of boots, leather shoes, track shoes, rubber soled shoes in all kind of leather hides, rubber soles, skins and etc.

MESB Agriculture Sdn Bhd ("MESB Agriculture"), a wholly-owned subsidiary of MESB, has been struck off from the Register of Companies pursuant to the notice issued under Section 308(4) of the Companies Act, 1965 which was received by MESB Agriculture on 23 July 2014.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2014 are as follows :-

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiary	6,716	14,026

A13. RELATED PARTY TRANSACTIONS

The related party transactions of the Group for the period ended 30 June 2014 are as follows:

Transaction parties	Nature of transaction	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
MX Too Sdn Bhd	Royalty and Sale of products	616	826
Roncato Sdn Bhd	Sale of products	391	438
Orlando Corporation Sdn Bhd	Sale of products	56	87
Milazo Pte. Ltd.	Royalty	55	-
MESB Technology Sdn Bhd	Sale of products	-	1

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 June 2014

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	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Investment Holding	5	5	5	5
- Retailing	18,197	20,984	18,197	20,984
	<u>18,202</u>	<u>20,989</u>	<u>18,202</u>	<u>20,989</u>
Discontinued Operations	-	-	-	-
	<u>18,202</u>	<u>20,989</u>	<u>18,202</u>	<u>20,989</u>
Segment Results				
- Investment Holding	(73)	(49)	(73)	(49)
- Retailing	(672)	901	(672)	901
	<u>(745)</u>	<u>852</u>	<u>(745)</u>	<u>852</u>
Discontinued Operations	-	(69)	-	(69)
	<u>(745)</u>	<u>783</u>	<u>(745)</u>	<u>783</u>

Performance analysis of the Group for the current quarter and year to date

The Group recorded revenue from its continuing operation of RM18.20 million, a decline of 13.28% against the preceding year's corresponding period of RM20.99 million. The decline was mainly due to the lower sale volume registered by retailing business. In respect of this, the Group recorded a loss before taxation from its continuing operation of RM0.74 million for the current quarter, as compared to the profit before taxation from its continuing operation of RM1.21 million for the preceding quarter.

Retailing Segment

The revenue reduced by 13.28% to RM18.20 million. The decline was mainly due to lower consumer spending. This decline has affected the Retailing Segment recorded a loss of RM0.67 million in current quarter as compared with the preceding year's corresponding quarter's profit of RM0.90 million.

Investment Holding Segment

The revenue remains stable at RM5,000 for the current period ended 30 June 2014 and the preceding year's corresponding period ended 30 June 2013. However, the segment loss increased to RM0.07 million in the current period as compared to preceding year of RM0.05 million. The increase in loss was mainly due to the higher operating expenses incurred during the current quarter.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The revenue from continuing operation decreased 16.44% to RM18.20 million in the current quarter as compared to RM21.78 million in the preceding quarter mainly due to decrease in revenue from retailing segment, as result of lower consumer spending and lack of festive holidays during the current quarter.

The decline in non-recurring income of RM10.31 million in the current quarter ended 30 June 2014 against the preceding quarter ended 31 March 2014 has resulted the Group's reported a loss before taxation of RM0.74 million in the current quarter ended 30 June 2014 as compared to a profit before taxation of RM9.85 million in the preceding quarter ended 31 March 2014.

B3. COMMENTARY ON PROSPECTS

The higher cost of living, increased subsidy rationalisation and anticipation of GST being implemented were among the factors which would underpin the more cautious spending habits of customers. This will affect the Company's core business activities.

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance for the financial year ending 31 March 2014 will remain challenging.

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	6	6
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	-	-
	<u>6</u>	<u>6</u>

B6. CORPORATE PROPOSALS

- a) There were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report.
- b) On 27 May 2014, the Company had announced to propose extension of time of 24 months until 20 June 2016 for the balance of utilised proceeds of RM5.87million arising from 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 30 June 2014:-

	Proposed Utilisation	Actual Utilisation	Balance Proceeds	Deviation		Extended Timeframe for utilisation	Explanations
	RM'000	RM'000	RM'000	RM'000	%		
Working capital	4,700	(4,700)	-	-	-	Within 24 months until 20 June 2016	(a)
Future investments	10,000	(3,800)	6,200	-	-	Within 24 months until 20 June 2016	(b)
Expenses related to the disposal	300	(634)	(334)	(334)	111	Within 24 months until 20 June 2016	(c)
	15,000	(9,134)	5,866				

(a) The balance proceeds is expected to be fully utilized within the extended timeframe of 24 months as announced on 27 May 2014.

(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 June 2014 as follow:-

Short Term	RM'000	RM'000
Hire purchase creditors	256	
Bankers' acceptance	4,491	
Term loans	541	
Bank overdraft	903	6,191
Long Term		
Hire purchase creditors	319	
Term Loans	781	1,100
Total		7,291

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 financial period ended 30 June 2014.

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	(745)	(745)
-Discontinued operations	-	-
	(745)	(745)
Number of ordinary shares in issue (in thousand)	42,000	42,000
Basic earnings per share (sen) :		
-Continuing operations	(1.77)	(1.77)
-Discontinued operations	-	-

B11. DISCLOSURE OF REALISED AND UNREALISED PROFIT

	As at 30.06.2014 RM'000	As at 31.03.2014 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	28,761	29,272
- Unrealised	(43)	(43)
	<u>28,718</u>	<u>29,229</u>
Total share of retained profit from associates		
- Realised	7,747	7,588
- Unrealised	(518)	(518)
	<u>7,229</u>	<u>7,070</u>
	35,947	36,299
	2,636	3,029
Less : Consolidated adjustments		
The Group's retained profit as per consolidated accounts	<u>38,583</u>	<u>39,328</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	147	147
Other income	22	22
Interest expenses	(153)	(153)
Depreciation and amortisation	(429)	(429)
Writedown of inventories	(40)	(40)
	<u>(453)</u>	<u>(453)</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.