

**MESB BERHAD
PROPOSED ACQUISITION**

DEFINITIONS

In this announcement, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

“Act”	:	Companies Act, 1965
“Active”	:	Active Fit Sdn Bhd
“Active’s Investment Properties”	:	Collectively, the following properties:- (i) a parcel of vacant industrial land held under H.S. (D) 52648, Lot PT1874, District of Gombak, Town of Ulu Kelang, State of Selangor Darul Ehsan; and (ii) a parcel of vacant agricultural land held under Geran Mukim 6, Lot 546, Town of Ulu Kelang, Locality of 7 ¼ Mile, Ulu Klang, District of Gombak, State of Selangor Darul Ehsan
“Active Shares”	:	2,500,000 ordinary shares of RM1.00 each in Active, which represent the entire issued and paid-up share capital of Active
“Board”	:	Board of Directors of MESB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Completion”	:	Completion of the sale and purchase of the Active Shares in accordance with the terms and conditions of the SSA
“Completion Date”	:	The date on which the Completion is achieved and unless otherwise agreed collectively by MESB and the Vendors, it shall be no later than three (3) months from the Unconditional Date
“Completion Period”	:	A period of two (2) months from the Unconditional Date or such further period as MESB and the Vendors may mutually agree upon
“Conditional Period”	:	A period of three (3) months from the date of the SSA and such other further extension period as MESB and the Vendors may mutually agree upon
“Conditions Precedent”	:	Conditions precedent to the SSA to be fulfilled by MESB and/or the Vendors, as set out in Section 1.3(i), Appendix I of this announcement
“Disposals of Active’s Investment Properties”	:	Disposals by Active to Jordone of the Active’s Investment Properties via sale and purchase agreements dated 19 June 2015, which are currently on-going
“EPS”	:	Earnings per share
“FPE”	:	Financial period ended
“FYE”	:	Financial year ended/ending
“KAF”	:	KAF Investment Bank Berhad
“Jordone”	:	Jordone Corporation Sdn Bhd, a company of which Siow Sea Nen and Chen Mui Yong, being two (2) of the vendors of Active, are directors and major shareholders

DEFINITIONS

“LPD”	:	30 June 2015, being the latest practicable date prior to this announcement
“MESB” or the “Company”	:	MESB Berhad
“MESB Group” or the “Group”	:	MESB and its subsidiaries, collectively
“MESB Shares”	:	Ordinary shares of RM1.00 each in MESB
“NA”	:	Net assets
“NTA”	:	Net tangible assets
“PAT”	:	Profit after tax
“PB Multiple”	:	Price-to-NTA multiple
“PE Multiple”	:	Price-to-earnings multiple
“Profit Guarantee”	:	A profit guarantee provided by the Profit Guarantors to MESB pursuant to the Proposed Acquisition, whereby the Profit Guarantors are guaranteeing that Active shall achieve an audited PAT of not less than RM2.50 million for the FYE 30 June 2016
“Profit Guarantors”	:	Siow Sea Nen and Chen Mui Yong, collectively, being two of the vendors of Active who provided the Profit Guarantee to MESB pursuant to the Proposed Acquisition
“Proposed Acquisition”	:	Proposed acquisition by MESB of the entire equity interest in Active from the Vendors for a cash consideration of RM19,000,000
“Purchase Consideration”	:	A cash consideration of RM19,000,000 for the Proposed Acquisition
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SSA”	:	A conditional share sale agreement dated 23 July 2015 entered into between MESB and the Vendors in relation to the Proposed Acquisition
“Unconditional Date”	:	The date when all the Conditions Precedent are fulfilled (or waived)
“Vendors”	:	Siow Sea Nen, Chen Mui Yong and Liew Kee Wah

Words denoting the singular number only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended or re-enacted.

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1.0 INTRODUCTION

On behalf of the Board, KAF wishes to announce that the Company is proposing to acquire the entire equity interest in Active for a cash consideration of RM19,000,000.

Further details of the Proposed Acquisition are set out in the ensuing sections.

2.0 DETAILS OF THE PROPOSED ACQUISITION

2.1 Background information on the Proposed Acquisition

MESB had on 23 July 2015 entered into the SSA with the Vendors to acquire 2,500,000 ordinary shares of RM1.00 each in Active, which represent the entire issued and paid-up share capital of Active, for a cash consideration of RM19,000,000.

The salient terms of the SSA are set out in Appendix I of this announcement.

2.2 Information on Active

Active was incorporated in Malaysia as a private limited company under the Act on 31 July 2004. Active is principally involved in brand building, concept development, fashion designing, sourcing, marketing, distribution and retailing of casual apparel and accessories under the “Jeep” brand in Malaysia. As at the LPD, Active operates more than 100 consignment counters in various departmental stores nationwide for the “Jeep” brand of apparel and accessories.

The “Jeep” brand, which originated from the United States of America, has a long history beginning in 1941 and is widely recognised as a global brand. Active develops ready-to-wear casual apparel and accessories for men, women and children under the “Jeep” brand for distribution in Malaysia.

The authorised share capital of Active is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,500,000 ordinary shares of RM1.00 each have been issued and fully paid-up. As at the LPD, the directors of Active, all of whom are Malaysians, are Siow Sea Nen, Chua Jin Kau, Siow Kok Chang and Ng Kim Wah. The shareholders of Active and their respective shareholdings in Active as at the LPD are as follows:-

Shareholder	Nationality	No. of shares	%
Siow Sea Nen	Malaysian	2,374,999	95.00
Chen Mui Yong	Malaysian	125,000	5.00
Liew Kee Wah	Malaysian	1	*
Total		2,500,000	100.00

Note:-

* *Negligible*

Further information on Active is set out in Appendix II of this announcement.

2.3 Basis of and justifications for arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the historical profit track and prospective earnings potential of Active;
- (ii) the unaudited NA of Active as at 31 March 2015 of about RM21.60 million and the dividend of up to RM4.00 million which may be declared and paid by Active to the Vendors in accordance with Section 1.5(i), Appendix I of this announcement; and
- (iii) the prospects of Active as set out in Section 4.4 of this announcement.

For the purpose of evaluating the fairness of the Purchase Consideration, the management of MESB has conducted an analysis on the implied PE Multiple and PB Multiple of Active based on the Purchase Consideration vis-à-vis those of the following selected comparable companies as at the LPD:-

Selected comparable companies	Principal activities
Cheetah Holdings Berhad (“ Cheetah ”)	Cheetah, through its subsidiaries, designs, develops, markets, and retails sports apparel and accessories and casual wear under its own brand names
Asia Brands Berhad (“ Asia Brands ”)	Asia Brands has its roots in textile manufacturing, and with the acquisition of Anakku and Audrey, has transformed itself into a brand conglomerate. The company owns and manages over 30 brands under its portfolio. Asia Brands has presence in baby products, innerwear, and casual wear in the Malaysia market
Padini Holdings Berhad (“ Padini ”)	Padini is an investment holding company. The company, through its subsidiaries, manufactures and retails garments, shoes, ancillary products, and accessories
Teo Guan Lee Corporation Berhad (“ TGL ”)	TGL is an investment holding company. The company, through its subsidiaries, manufactures, wholesales, and retails apparel, sports wear, sports equipment, and related accessories. TGL also invests in property, assembles and distributes computers and its peripherals, and provides interior renovation contractor services
Voir Holdings Berhad (“ Voir ”)	Voir designs, manufactures, markets and retails fashion apparel and accessories
Jerasia Capital Berhad (“ Jerasia ”)	Jerasia is an investment holding company which provides management consultancy services. The company, through its subsidiaries, manufactures, exports, wholesales, and retails fashion garments and accessories. Jerasia also provides haulage services
Yen Global Berhad (“ Yen ”)	Yen is a vertically integrated apparel manufacturer, wholesaler and retailer. The company, through its broad network of men-stores, shop-in-shops and retail chains, markets and sells a wide selection of brand names
Amtek Holdings Berhad (“ Amtek ”)	The principal activities of Amtek and its subsidiaries are that of investment holding, trading of garments and provision of management services

(Source: Bloomberg and Amtek’s Annual Report 2014)

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The historical PE Multiple and PB Multiple of the selected comparable companies as at the LPD are set out below:-

Selected comparable companies ⁽¹⁾	Latest Audited FYE	Share price as at the LPD (RM)	EPS (RM)	NTA per share (RM)	PE Multiple (times)	PB Multiple (times)
Cheetah	30.06.2014	0.47	0.06	1.08	7.83	0.44
Asia Brands	31.03.2015	1.79	0.02	0.87	89.50	2.06
Padini	30.06.2014	1.33	0.14	0.58	9.50	2.29
TGL	30.06.2014	1.38	0.19	1.89	7.26	0.73
Voir	31.12.2014	0.40	(0.01)	0.72	⁽²⁾ N/A	0.56
Jerasia	31.03.2014	0.915	0.04	1.15	22.88	0.80
Yen	31.07.2014	0.225	(0.07)	0.35	⁽²⁾ N/A	0.64
Amtek	30.06.2014	0.51	⁽³⁾ 0.03	0.49	17.00	1.04
Average					⁽⁴⁾ 12.89	1.07

Notes:-

- (1) *Being companies listed on Bursa Securities which are broadly comparable to the businesses of Active, i.e. retailing of apparel and accessories, notwithstanding that they may not have the same scale of operations, risk profile, asset base, track record, financial position, products and services offering, principal markets, exact business activity and future prospects. Kindly note that any comparison made against the aforesaid selected comparable companies merely serves to deduce an indicative valuation for Active and that the comparable companies selected are by no means exhaustive.*
- (2) *Not applicable due to loss making.*
- (3) *Excluding losses from discontinued operations.*
- (4) *Excluding Asia Brands, which is deemed as an outlier.*

(Source: Latest audited consolidated financial statements of the respective selected comparable companies prior to the LPD)

In terms of PE Multiple analysis, the Purchase Consideration translates into an implied PE Multiple of 7.70 times based on the audited PAT of Active for the FYE 30 June 2014 of about RM2.47 million, which is within the range of PE Multiple of the selected comparable companies (excluding Asia Brands) of between 7.26 times and 22.88 times and lower than their average PE Multiple (excluding Asia Brands) of 12.89 times.

In terms of PB Multiple analysis, the Purchase Consideration translates into an implied PB Multiple of 0.98 times based on the audited NTA of Active as at 30 June 2014 of about RM19.32 million, which is within the range of PB Multiple of the selected comparable companies of between 0.44 times and 2.29 times and lower than their average PB Multiple of 1.07 times. For illustration purposes, based on Active's unaudited adjusted NA as at 31 March 2015 of about RM17.60 million after taking into consideration the dividend of up to RM4.00 million which may be declared and paid by Active to the Vendors in accordance with Section 1.5(i), Appendix I of this announcement, the Purchase Consideration translates into an implied PB Multiple of 1.08 times, which is still within the aforementioned range of PB Multiple of the selected comparable companies notwithstanding that it is marginally higher than their average PB Multiple of 1.07 times.

Premised on the analysis above, the management of MESB is of the opinion that the Purchase Consideration is justifiable in view that the implied PE Multiple and PB Multiple of Active as aforementioned compare favourably against the PE Multiple and PB Multiple of the selected comparable companies which were derived from their recent market traded share prices and latest available audited financial information.

2.4 Assumption of liabilities

Save for corporate guarantee and/or other forms of collateral/security that may be required to be provided to Active's bank and/or financial institutional lenders upon completion of the Proposed Acquisition, MESB will not assume any liabilities, including contingent liabilities and guarantees, pursuant to the Proposed Acquisition. The existing liabilities of Active will be settled by it in its ordinary course of business.

2.5 Additional financial commitments

There are no additional financial commitments to be incurred by MESB in putting the businesses of Active on-stream pursuant to the Proposed Acquisition as Active is a going concern.

2.6 Source of funding

The Purchase Consideration shall be fully satisfied in cash, which shall be financed by internally generated funds and/or bank borrowings. The exact proportion of internally generated funds and bank borrowings for such purpose has not been finalised at this juncture as it is contingent upon the eventual amount of bank borrowings, if any, to be procured by the Group, which can only be finalised at a later date.

2.7 Profit Guarantee

Pursuant to the Proposed Acquisition, the Profit Guarantors have provided a guarantee to MESB that Active shall achieve an audited PAT of not less than RM2.50 million for the FYE 30 June 2016. Further details of the Company's right of recourse in the event the Profit Guarantee is not met are set out in Section 1.6, Appendix I of this announcement.

The Board is of the opinion that, barring any unforeseen circumstances, the Profit Guarantee would appear to be realistic and achievable after taking into consideration the historical financial performance of Active for the past three (3) FYE 30 June 2012 to FYE 30 June 2014 and the nine (9)-month FPE 31 March 2015 as set out in Section 3.0, Appendix II of this announcement, as well as the prospects of Active as set out in Section 4.4 of this announcement.

3.0 RATIONALE FOR THE PROPOSED ACQUISITION

MESB Group is principally involved in the business of designing, sourcing, marketing, trading and distribution of leather products including, inter alia, ladies handbags, ladies small leather goods, men's bags, men's small leather goods and men's accessories. The Group is also involved in the development, rental and legalisation of telecommunication base transceiver stations in the State of Penang via MESB's 40% equity interest in PDC Telecommunication Services Sdn Bhd. With the proposed disposal of PDC Telecommunication Services Sdn Bhd by MESB, which was announced on 15 July 2015 and is expected to be completed by the fourth quarter of 2015, the Group will focus solely on the retailing of leather and related products undertaken by Miroza Leather (M) Sdn Bhd, a wholly-owned subsidiary of MESB, moving forward.

In this regard, the Proposed Acquisition would enable the Group to expand into the retailing of casual apparel and accessories, being a segment within the retail fashion industry for which the Group has experience and expertise.

Presently, the Group's product offerings are limited to leather products and accessories such as, amongst others, wallets, belts, bags, cufflinks, tie bars and purses under international brands, namely Alain Delon, Pierre Cardin and Pierre Balmain. The Proposed Acquisition will enable the Group to broaden its product offerings to include casual apparel, children apparel and accessories such as, amongst others, shirts, trousers and jackets under a licensed international brand, namely "Jeep".

The Proposed Acquisition would also enable MESB Group to broaden its earnings base and enhance its positioning in the retail fashion industry to capitalise on the future growth of the local retail industry.

4.0 INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The global economic activity expanded with divergent growth momentum across economies in the first quarter of 2015. While the United States of America economy registered broader improvements, the economic recovery in the euro area and Japan progressed at a more gradual pace. In Asia, growth was sustained by the continued expansion in domestic demand. The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%), underpinned mainly by the private sector demand. On the supply side, growth was supported by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Private sector activity remained the key driver of growth during the quarter. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. The strong private consumption growth was also contributed by the flood relief efforts early in the year, and the frontloading of household spending prior to the implementation of Goods and Services Tax (GST). Private investment recorded a growth of 11.7% (4Q 2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors. Growth in public consumption improved in the first quarter (4.1%; 4Q 2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments. Public investment turned around to register a positive growth of 0.5% (4Q 2014: -1.9%) following higher capital spending by the Federal Government.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical (E&E) cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production, arising from flood-related disruptions.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the Goods and Services Tax (GST), the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015, Bank Negara Malaysia)

4.2 Overview and outlook of retail industry in Malaysia

Growth in the services sector was sustained at 6.4% during the first quarter of 2015 (Q4 2014: 6.6%), with all subsectors remaining strong led by wholesale and retail trade. The final services group increased by 7.8% (Q4 2014: 7.7%) mainly supported by wholesale and retail trade. Likewise, the intermediate services group grew by 5.7% (Q4 2014: 6.1%) supported by the information and communication as well as real estate and business services subsectors.

The wholesale and retail trade subsector expanded at a stronger pace of 9.8% (Q4 2014: 9.4%), supported by the wholesale, retail and motor vehicle segments. The retail segment recorded the highest

growth of 10.7% (Q4 2014: 10%) due to stronger sales at non-specialised and specialised stores. The wholesale trade segment grew by 9.6% (Q4 2014: 9.4%) driven by other specialised wholesale, non-specialised wholesale trade and wholesale on a fee or contract basis. The motor vehicle segment rose at a stronger rate of 7.6% (Q4 2014: 7.5%) in line with attractive incentives offered by dealers ahead of the Goods and Services Tax (GST) implementation. Meanwhile, the food & beverages and accommodation subsector expanded by 7.3% (Q4 2014: 7.5%) owing to stronger performance of food & beverage (8.5%) and accommodation (3.4%) segments.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015, Bank Negara Malaysia)

The services sector is expected to grow 5.6% in 2015 (2014: 5.9%), accounting for 55.4% share of GDP (2014: 55.3%), supported by expansion across all subsectors. The wholesale and retail trade as well as accommodation and restaurant subsectors are anticipated to increase 7.1% and 5.9%, respectively in 2015 (2014: 7.7%; 6.1%) driven by strong domestic consumption and higher tourist arrivals following the Malaysia Year of Festivals 2015. The communication subsector is expected to grow 9.6% (2014: 10%) supported by strong demand for cellular and broadband services, amid attractive promotions by the telecommunication industry players as well as the launch of new smartphones and media tablets. Meanwhile, the real estate and business services as well as the transport and storage subsectors is projected to grow 7.1% and 4.7%, respectively (2014: 7.5%; 5%).

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

4.3 Overview and outlook of apparel industry in Malaysia

The textiles and apparel industry registered progress and continued to be a growth industry. During the period of the Second Industrial Master Plan (IMP2), 1996-2005, the industry contributed to growth, in terms of enhancement of production capabilities, increases in exports and investments, and development of linkages.

During the period of the Third Industrial Master Plan (IMP3), 2006-2020, initiatives will be undertaken in key areas to promote investments, sustain exports and market share of targeted growth areas in textiles and apparel, and enhance the industry's overall competitiveness.

The future of the Malaysian textiles and apparel industry is dependent upon consolidation, upgrading of existing facilities, reducing costs and improving efficiency to remain competitive. In 2005, Malaysia was ranked 37th largest exporter of textiles and apparel in the world. The removal of quotas creates opportunities for the industry to increase its exports. To remain competitive in the global market, the industry needs to focus on exports of functional fabrics having special features, such as wrinkle-free and anti-bacteria, and high-end apparel, such as blazers and bridal gowns. Presently, the industry faces competition from countries which have entered into free trade agreements (FTAs) with the major markets, such as the United States of America, Japan and the People's Republic of China.

(Source: Third Industrial Master Plan (IMP3) 2006-2020, Ministry of International Trade and Industry)

4.4 Prospects and future plans of Active

The retail industry is presently facing some challenges from softer consumer sentiment, depreciation of the Ringgit Malaysia as well as more cautious consumer spending from cost-push factors.

Notwithstanding the present challenges, the textile and apparel industry continues to be a growth industry with further initiatives being carried out under the Third Industrial Master Plan (2006-2020) to promote investments, sustain exports and market share of the targeted growth areas within the textile and apparel industry as well as to enhance the industry's overall competitiveness. The management of MESB is of the view that the growth of the Malaysian apparel industry will be supported and underpinned by, amongst others, increasing level of household disposable income, sustainable tourist arrivals in Malaysia and wider distribution base for retailers with the rising number of shopping complexes, both urban and sub-urban.

To further strengthen the enlarged MESB Group's presence in the apparel industry upon completion of the Proposed Acquisition, the management of MESB intends to undertake the following strategies with the aim of enhancing its competitiveness and market share in the apparel market:-

- (i) To enhance the brand promotion activities of Active through, amongst others, improving the visual merchandising display at its consignment counters as well as increasing product promotional activities and brand publicity;
- (ii) To optimise the merchandise category mix of Active by focusing more on higher margin products; and
- (iii) To expand Active's distribution network through the opening of new consignment counters in appropriate locations nationwide in anticipation of a number of new shopping complexes and departmental stores slated to be opened in Malaysia.

The management of MESB trusts that with the competitive strengths of Active and coupled with the aforesaid future plans, Active will be able to remain competitive capitalising on the growth of the apparel industry going forward and in turn contribute positively to the earnings of the Group. The financial resources to be committed in realising the aforementioned plans, which are estimated to be about RM3.00 million over a period of 3 years mainly for brand promotion activities and opening of new consignment counters, will be sourced from the Group's internally generated funds.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the Group's financial performance in the future.

(Source: Management of MESB)

5.0 RISK FACTORS

5.1 Business Risks

Active is subject to various risks inherent in the apparel industry, including but not limited to the changes in general economic conditions, Government regulations, inflation, changes in business and credit conditions, disruption of apparel supplies, increase in labour costs, increase in storage and transportation charges, increase in production costs of apparel and changes in consumers' preferences.

Such risks are, to a certain extent, limited by Active outsourcing its production function to external manufacturers via buying houses, thereby reducing its exposure to the risks inherent in the manufacturing industry, such as high capital outlay, fluctuations of raw material price and shortage of skilled labour, whilst at the same time achieving more competitive pricing on purchases as well as ensuring timely supply of quality apparel. By directing its resources to value-added activities, such as brand building and management, marketing and promotion, market survey and evaluation on consumers' preferences, and product design and development, Active aims to be able to release its products and designs to the market on a more timely and appropriate manner.

Although Active would continue to take appropriate measures to limit the aforesaid risks, no assurance can be given that any changes to these factors will not have a material adverse effect on its business operations and financial performance.

5.2 Risk in relation to non-renewal of license agreements

Pursuant to two (2) license agreements entered into between the trademark proprietor of "Jeep" and Jordone, Jordone has the rights to use the "Jeep" trademark for development and distribution of men's, children's and women's casual apparel and accessories in Malaysia ("**Intellectual Property**") ("**License Agreements**"), subject to periodic renewal of the said License Agreements. Pursuant to the Proposed Acquisition and as one of the Conditions Precedent, Jordone shall enter into assignment and assumption agreements with Active to assign all its rights, interests and obligations under the License Agreements to Active ("**Assignment Agreements**").

The “Jeep” brand name is regarded as being an important factor in Active’s success and financial performance. Any failure of renewal of the License Agreements will cause Jordone, and consequentially, Active to lose its right to use the “Jeep” brand name, which could in turn reduce customers’ demand for Active’s products and result in material adverse effects on its business, prospects and financial performance.

In this regard, the management of MESB shall, upon the completion of the Proposed Acquisition, take reasonable steps to observe and perform all duties, obligations, terms, provisions and covenants of Active under the License Agreements and the Assignment Agreements so as to ensure that the terms and conditions therein are not breached. However, there can be no assurance that the License Agreements will be continuously renewed in the future.

5.3 Competition

The apparel industry is highly competitive with a large pool of players in the market. Competition comes from the existing competitors, including both domestic and foreign players, as well as new entrants from time to time. In addition, online shopping is also gradually creeping into the conventional retail market for apparel via outlets and consignment counters. Nevertheless, the management of MESB believes that Active would be able to stay competitive with its established licensed brand name, experienced management and designing team, wide product range and designs, in-house merchandising and designing facilities, established distribution network and competitive pricing policy.

Notwithstanding the above, there can be no assurance that Active will be able to remain competitive in the future and that its business operations and financial performance will not be adversely affected by market competition.

5.4 Dependency on major suppliers/buying houses

Active does not manufacture its own apparel, but rather it outsources its production to external manufacturers via buying houses. As Active has no direct control over the production function, there is a risk of possible supply disruption and, if occurs, could have a material and adverse effect on Active’s business operations and financial performance. To mitigate such risk, Active has been sourcing its purchases from a large pool of buying houses.

Thus far, Active enjoys cordial working relationship with its buying houses and has not experienced any major supply disruption. Nevertheless, there can be no assurance that Active’s business operations and financial performance will not be adversely affected in the event of a major supply disruption in the future that will have a material and adverse impact on its business operations and financial performance.

5.5 Brand loyalty

A brand name exclusively identifies a product from the others and it also reflects the characteristics, such as brand image, product quality, design and pricing, of a product upon its target customers. Hence, the business operations of Active are closely associated with the consumers’ awareness, experience and recognition of its brand and consequently, consumers’ reception of its apparel. Any adverse development upon the image of Active’s brand may result in negative perception towards its products and thus, materially and adversely affect its business operations and financial performance.

Through its quality control procedures and management programmes, Active will endeavour to ensure that the quality of its apparel meets its predetermined standards. In addition, its continuous advertising and promotion drives would also serve to promote brand image and awareness of its products.

5.6 Seasonality

The apparel industry is inherently seasonal in nature. The industry usually records better sales during major festive seasons and mega sales period. Hence, having an efficient inventory management is critical to ensuring adequate stocks holding throughout the year as a situation of under-stocks holding will cause Active losing revenue opportunity, whilst a situation of over-stocks holding will increase the associated carrying costs thereby negatively impact its profitability. Active has been able to monitor

and maintain appropriate stocks at its consignment counters over the years. Nevertheless, there is no assurance that an under or over-stocks holding situation that will materially and adversely affect its business operations and financial performance will not occur in the future.

5.7 Keeping abreast with the latest fashion trends and designs

One of the main challenges in the apparel industry would be to keep abreast with the latest fashion trends and designs that the consumers desire. Global fashion trends are changing rapidly and the failure to meet consumers' fashion preferences could have a material adverse effect on the business operations and financial performance of Active. In order to keep its apparel appealing to its target customers and thus ensuring continuing growth of its business, Active designs its apparel and introduces them to the market on a regular and timely basis after due considerations of the current and possible future fashion trends, consumers' preferences and market research gathered from both local and foreign sources.

Although Active will continue to take the necessary measures to keep abreast with the latest fashion trends and designs, there is no assurance that the apparel designed by it will continue to be appealing to the consumers.

5.8 Acquisition risk

The Proposed Acquisition is expected to contribute positively to the future financial performance of MESB Group based on the prospects of Active as stated in Section 4.4 of this announcement. However, there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that MESB will be able to generate sufficient returns from Active to offset the associated investment costs.

In mitigating such risk, MESB has secured the Profit Guarantee from the Profit Guarantors. Furthermore, it is the intention of the management of MESB to retain the management and employees of Active after the Proposed Acquisition aimed at minimising any potential disruptions to the operations of Active and the business relationships between Active and its existing clients so as to avoid any negative impact on the profitability of Active.

5.9 Non-completion risk

The Proposed Acquisition is conditional upon fulfilment of the Conditions Precedent. There is a possibility that the Proposed Acquisition cannot be completed within the time period permitted under the SSA due to failure in fulfilling the Conditions Precedent. In the event that the Conditions Precedent are not fulfilled within the stipulated time period or in the event any approvals shall contain terms which are not acceptable to the parties to the SSA, the completion of the Proposed Acquisition may be affected.

In this regard, the Board shall take reasonable steps to ensure that there is no delay in fulfilling all the Conditions Precedent by the parties concerned and should there be any delay beyond the agreed time period, the Board shall negotiate with the parties to the SSA to mutually extend the said period prior to its expiry.

6.0 EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition is not expected to have any effect on the share capital and the substantial shareholders' shareholdings of MESB as no new MESB Shares will be issued pursuant thereto.

6.2 Earnings and EPS

Barring any unforeseen circumstances and based on the assumption that the Proposed Acquisition will be completed by the fourth (4th) quarter of 2015, the Proposed Acquisition is expected to contribute positively to the consolidated earnings of MESB for the FYE 31 March 2016, which will accordingly improve the EPS of MESB.

For illustration purposes, based on the audited consolidated financial statements of MESB for the FYE 31 March 2014, the proforma effects of the Proposed Acquisition on the consolidated earnings and EPS of MESB assuming that the Proposed Acquisition had been completed as at 1 April 2013, being the beginning of the said financial year are as follows:-

	Audited for the FYE 31 March 2014 (RM'000)	After the Proposed Acquisition (RM'000)
Consolidated PAT attributable to the shareholders of the Company	15,196	⁽¹⁾ 17,063
No. of shares ('000)	⁽²⁾ 42,000	⁽²⁾ 42,000
EPS (RM)	0.36	0.41

Notes:-

- (1) *Assuming that the Purchase Consideration will be fully satisfied by internally generated funds and after taking into consideration the audited PAT of Active for the FYE 30 June 2014 of about RM2.47 million and the estimated expenses in relation to the Proposed Acquisition of RM0.60 million.*
- (2) *Based on 42,000,000 MESB Shares outstanding as at the LPD.*

6.3 NA and gearing

The proforma effects of the Proposed Acquisition on the consolidated gearing of MESB and NA per MESB Share based on the audited consolidated financial statements of MESB for the FYE 31 March 2014 assuming that the Proposed Acquisition had been effected on 31 March 2014 are as follows:-

	Audited as at 31 March 2014 (RM'000)	After the Proposed Acquisition (RM'000)
Share capital	42,000	42,000
Share premium	5	5
Capital reserve	37	37
Retained profits	39,328	⁽¹⁾ 38,728
Shareholders' equity/NA	<u>81,370</u>	<u>80,770</u>
No. of shares ('000)	42,000	42,000
NA per share (RM)	1.94	1.92
Borrowings (RM'000)	17,577	⁽²⁾ 26,132
Gearing (times)	0.22	0.32

Notes:-

- (1) *After taking into consideration the estimated expenses in relation to the Proposed Acquisition of RM0.60 million and with the assumption that the Proposed Acquisition will not give rise to any negative goodwill, which can only be determined with certainty at completion.*
- (2) *After consolidating the outstanding borrowings of Active of about RM11.23 million as at 30 June 2014 and based on the assumption that the Purchase Consideration will be fully satisfied by internally generated funds.*

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7.0 APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals being obtained:-

- (i) the shareholders of MESB for the Proposed Acquisition at an extraordinary general meeting to be convened; and
- (ii) any other relevant authorities (if applicable).

8.0 CONDITIONALITY

The Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by MESB.

9.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and/or persons connected with the Directors and/or major shareholders of MESB has any interest, direct or indirect, in the Proposed Acquisition.

10.0 PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 41.42% based on the latest audited consolidated financial statements of MESB for the FYE 31 March 2014.

11.0 DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, financial effects, terms of the SSA, valuations and risks associated with the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

12.0 ADVISER

The Board has appointed KAF as the Adviser for the Proposed Acquisition.

13.0 ESTIMATED TIME FRAME FOR SUBMISSION OF THE APPLICATION TO THE RELEVANT AUTHORITIES AND COMPLETION

The draft circular in relation to the Proposed Acquisition is expected to be submitted to Bursa Securities for its perusal within two (2) months from the date of this announcement.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the fourth (4th) quarter of 2015.

14.0 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA is available for inspection at the Registered Office of MESB at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 23 July 2015.

SALIENT TERMS OF THE SSA

1.0 SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:-

1.1 Agreement

Upon the terms and subject to the conditions of the SSA, in consideration of the mutual covenants contained in the SSA and further in reliance upon the representations, warranties, covenants and undertakings by the Vendors as contained in the SSA, the Vendors agree to sell and MESB agrees to purchase the Active Shares, on a “willing buyer willing seller” basis, free from all encumbrances, claims, charges and lien together with all rights attached thereto and all dividends, rights and distributions declared in respect thereof after the date of the SSA (excluding any dividend to be paid in accordance with Section 1.5(i) of this Appendix I) at the Purchase Consideration of RM19,000,000 only upon the terms and subject to the conditions appearing in the SSA.

1.2 Purchase Consideration and Satisfaction

- (i) The Purchase Consideration was arrived at on a “willing buyer willing seller” basis after taking into consideration of the following:-
 - (a) the historical and prospective earnings potential of Active;
 - (b) the unaudited NA of Active as at 31 March 2015 of approximately RM21,600,000 and the dividend of up to RM4,000,000 which may be declared and paid by Active to the Vendors in accordance with Section 1.5(i) of this Appendix I; and
 - (c) prospects of Active.
- (ii) MESB and the Vendors (collectively, “**Parties**” or any one of them, “**Party**”) agree that the Purchase Consideration shall be paid by MESB in the following time and manner:-
 - (a) upon execution of the SSA, a sum of RM1,900,000 only, being the earnest deposit and as part payment of the Purchase Consideration (“**Deposit**”) shall be paid by MESB to MESB’s solicitors for the Proposed Acquisition (“**Purchaser’s Solicitors**”) as stakeholders to be held and dealt with by the Purchaser’s Solicitors in accordance with the terms and conditions of the SSA;
 - (b) the balance purchase price of RM17,100,000 only (“**Balance Purchase Consideration**”) shall be paid by MESB to the Purchaser’s Solicitors as stakeholders on the Completion Date; and
 - (c) the Deposit and the Balance Purchase Consideration received by the Purchaser’s Solicitors as a stakeholder shall, together with interest earned thereon, if any, be released to the Vendors or their nominees within seven (7) days from the Completion Date.
- (iii) In the event the Completion does not take place by the expiry of the Completion Period, the Parties agreed to extend the Completion Period by an additional one (1) month from the expiry of the Completion Period (“**Extended Completion Period**”), provided that the Extended Completion Period shall be subject to interest at eight (8)% per annum calculated on the Balance Purchase Consideration on a daily basis, from the relevant due date until the Completion Date.

1.3 Conditions Precedent

- (i) The SSA shall be conditional upon the following Conditions Precedent being achieved and/or procured within the Conditional Period failing which the SSA shall become null and void:-
 - (a) MESB shall procure the approvals of its Directors and shareholders for the acquisition of the Active Shares;

SALIENT TERMS OF THE SSA (CONT'D)

- (b) the Vendors shall permit MESB to enter Active's premises for the purposes of due diligence and that the results of any financial, commercial and legal due diligence to be conducted by MESB on Active are to the satisfaction of MESB;
 - (c) the Vendors shall at their own costs ensure that the licensee of the Intellectual Property, i.e. Jordone, is duly authorised by the proprietor of the Intellectual Property to use the Intellectual Property for at least five (5) years from the Completion Date and has granted Active, by way of assignment, the right to use the Intellectual Property for the business operation of Active;
 - (d) the Vendors shall procure the consents or approvals of banks or financial institutional lenders, with which Active is maintaining banking facilities ("Active's Lenders"), for Active to continue to maintain the said banking facilities with conditions not more onerous or detrimental to Active;
 - (e) the Vendors shall provide an undertaking that all existing securities/collateral/guarantees provided to Active's Lenders for Active's banking facilities will not be withdrawn until MESB has provided or caused to be provided alternative securities/collateral/guarantees in lieu thereof;
 - (f) Active shall cause full settlement of all and any outstanding amount owing to AmBank (M) Berhad under the Multi-Trade Facilities granted to Exis Apparel Sdn Bhd by AmBank (M) Berhad but utilised by Active;
 - (g) the Vendors shall procure a confirmation letter from Jordone that it will not recall the sum advanced by Jordone to Active in the sum of RM1,005,104.73 from Active prior to the completion of the Disposals of Active's Investment Properties; and
 - (h) the Parties shall procure the approval(s) and waiver(s) of such other authorities, licensors, financial institutions, creditors, lenders and/or other parties for the sale and purchase of the Active Shares, if necessary, which approval(s) and/or waivers shall be procured with conditions not more onerous or detrimental to Active than those presently existing, where applicable.
- (ii) The SSA shall be deemed unconditional upon the receipt of all the approvals, waivers or consents and/or fulfillment or waiver or the deemed acceptance of the same and the compliance and fulfillment of other conditions as set out in Section 1.3(i) of this Appendix I which shall in any event be within the Conditional Period.
 - (iii) In the event that the Conditions Precedent are not fulfilled within the Conditional Period or such extended period as the Parties may mutually agree upon, or the approvals of the relevant authorities/parties are, after appeal has been made in accordance with the terms of the SSA, upon terms and subject to conditions that are not acceptable to either Party, then either Party shall be entitled to terminate the SSA by giving notice to that effect to the other Party and thereupon the Vendors shall refund the Deposit to MESB together with interest earned thereon (by way of the Purchaser's Solicitors releasing the Deposit together with interest earned thereon to MESB), if any, and neither Party shall have any claim against the other Party thereafter save and except for antecedent breach. The Deposit together with interest earned thereon shall be refunded to MESB within seven (7) days from the day the Vendors give or receive the termination notice in accordance with this Section 1.3(iii) of Appendix I.
 - (iv) Although it is intended that the transaction set out in the SSA shall only be implemented upon all the Conditions Precedent being satisfied, MESB shall have the absolute discretion and to the extent permissible by law and regulations, proceed with waiving any one or more of such Conditions Precedent.

SALIENT TERMS OF THE SSA (CONT'D)

1.4 Completion

- (i) Provided that the SSA has not been terminated in accordance with the terms and conditions contained in the SSA and:
- (a) no event of default has occurred or would occur as a result of the completion of the SSA;
 - (b) the Conditions Precedent as set out in Section 1.3(i) of this Appendix I have been procured, obtained and/or fulfilled by the Parties or waived by MESB;
 - (c) there has been no material adverse change in the operation and financial condition of Active since 30 June 2014, being the date up to which Active's latest audited financial statements were prepared;
 - (d) each of the representations and warranties set out in the SSA remains accurate at the Completion Date as if given on that date by reference to the facts and circumstances then existing;
 - (e) the Vendors have not breached any undertakings, representations, warranties and covenants under the SSA; and
 - (f) no governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transaction contemplated by the SSA illegal or restraining or prohibiting consummation of such transaction,

then, subject to the provisions of the SSA and in particular subject to the Vendors delivering and causing to be delivered all documents pertaining to Active and/or necessary to effect the sale and purchase of the Active Shares in accordance with the terms of the SSA ("**Completion Documents**"), the Vendors shall, on the Completion Date, complete the transfer of the Active Shares under the SSA.

1.5 Understanding of the Parties

- (i) The Parties agree that the Vendors shall be entitled to declare and pay a dividend for a total sum of up to RM4,000,000 for the FYE 30 June 2015, which shall be paid by Active prior to the Completion Date, subject to availability of cash, fulfillment of all corporate laws of Malaysia and the audited NA of Active as at 30 June 2015 not being less than RM17,600,000 after adjusting for the aforesaid dividend ("**Adjusted NA**"). The Adjusted NA shall be verified by MESB or its appointed auditors, representatives or agents upon the declaration of the aforesaid dividend.
- (ii) The Parties acknowledge that Active has disposed of the Active's Investment Properties via sale and purchase agreements dated 19 June 2015 with Jordone. The Parties agree that MESB shall be reimbursed by the Vendors in cash in the event that any losses, costs and/or expenses (including solicitor's costs) are incurred for any reason whatsoever by MESB and/or Active in relation to the Disposals of Active's Investment Properties during the period subsequent to the FYE 30 June 2015 until the full completion of the Disposals of Active's Investment Properties.

In addition, the Vendors jointly and severally undertake to purchase the Active's Investment Properties from Active in the event that there is a termination of any or all of the sale and purchase agreements in relation to the Disposals of Active's Investment Properties dated 19 June 2015 for whatsoever reason ("**Re-purchase of Property**"). The Parties further agree that MESB shall be reimbursed by the Vendors in cash in the event that any losses, costs and/or expenses (including solicitor's costs) are incurred for any reason whatsoever by MESB and/or Active in relation to the Re-purchase of Property.

SALIENT TERMS OF THE SSA (CONT'D)

The Parties further agree that any gain and/or profit arising out of or in connection with the Disposals of Active's Investment Properties and the Re-purchase of Property transactions shall be excluded from Active's audited PAT for the FYE 30 June 2016 ("Active's PAT 2016") in determining the attainment and achievement of the Profit Guarantee.

1.6 Profit Guarantee

- (i) In consideration of the terms and conditions of the SSA and subject to and upon the terms and conditions contained in the SSA, the Profit Guarantors jointly and severally agree, undertake and covenant with and guarantee that Active shall attain and achieve the Profit Guarantee i.e. audited PAT of not less than RM2,500,000 for the FYE 30 June 2016.
- (ii) In the event Active fails to achieve the Profit Guarantee, the Profit Guarantors and MESB agree and confirm that the Profit Guarantors shall pay to MESB an amount to be derived from the following formula for the relevant financial year in accordance with Section 1.6(v) of this Appendix I:-

$$\text{Compensation} = \text{Profit Guarantee} - \text{Active's PAT 2016}$$

- (iii) In the event Active incurs losses for the FYE 30 June 2016, the Profit Guarantors and MESB agree and confirm that the Profit Guarantors shall pay to MESB an amount to be derived from the following formula in accordance with Section 1.6(v) of this Appendix I:-

$$\text{Compensation} = \frac{\text{The absolute value of the audited losses after taxation amount for the FYE 30 June 2016}}{\text{Profit Guarantee}}$$

- (iv) Upon the finalisation of the audited financial statements of Active for the FYE 30 June 2016, MESB shall as soon as practicable notify the Profit Guarantors in writing whether the Profit Guarantee has been achieved and if there is any shortfall, then inform the Profit Guarantors of the shortfall and the amount of compensation.
- (v) The Profit Guarantors shall within thirty (30) days from the receipt of the notification as set out in Section 1.6(iv) of this Appendix I pay to MESB the applicable compensation amount, failing which the Profit Guarantors shall be liable to pay MESB interest on such sum that remains outstanding calculated at the rate of eight (8)% per annum on a daily basis commencing from the date of the notification as set out in Section 1.6(iv) of this Appendix I till the date such sum that remains outstanding is fully paid.

1.7 Termination

- (i) On the occurrence of any of the events of default and provided that the event of default occurs before the Completion Date, the other non-defaulting Party ("**Non-Defaulting Party**") may (but is not obliged to) give notice in writing to the defaulting Party ("**Defaulting Party**") requiring the Defaulting Party to remedy the said default or breach within fourteen (14) days of the receipt of such notice or such extended period as may be allowed by the Non-Defaulting Party ("**Remedy Notice**"). The Remedy Notice shall include the defaulting conduct of the Defaulting Party. For the avoidance of doubt, in the event that such conduct of default relates to Active, then it shall be deemed to be the default of the Vendors.
- (ii) If the Defaulting Party fails to remedy the relevant default or breach within the said fourteen (14) days or such extended period as may be allowed by the Non-Defaulting Party after being given notice by the Non-Defaulting Party to rectify such breach, and:-
- (a) if the Non-Defaulting Party is MESB, MESB shall be entitled to terminate the SSA by giving notice to the Vendors and in any event within fourteen (14) days from the date of the said termination, MESB shall be entitled to cause the Purchaser's Solicitors to immediately return the Deposit (together with interest earned thereon, if any) to MESB and the Vendors shall within fourteen (14) days from the date of the said termination pay

SALIENT TERMS OF THE SSA (CONT'D)

to MESB in cash an additional sum equivalent to the Deposit (“**Due Date**”), failing which the Vendors shall be liable to pay MESB interest. Interest shall be calculated at the rate of eight (8)% per annum and computed on a daily basis from the fifteenth (15th) day after the Due Date. Thereafter, the SSA shall become null and void and cease to have any effect and neither Party shall have any further claim or claims against each other save and except for antecedent breach; or

- (b) if the Non-Defaulting Party is the Vendors, the Vendors shall be entitled to terminate the SSA by giving notice to MESB and in any event within fourteen (14) days from the date of the said termination, the Vendors shall be entitled to cause the Purchaser’s Solicitors to immediately release the Deposit (together with interest earned thereon, if any) to the Vendors. Thereafter, the SSA shall become null and void and cease to have any effect and neither Party shall have any further claim or claims against each other save and except for antecedent breach.

In addition, if the Completion Documents have been delivered to MESB, MESB shall return the same to the Vendors and thereafter the SSA shall become null and void and cease to have any effect and neither Party shall have any further claim or claims against each other save and except for antecedent breach.

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INFORMATION ON ACTIVE

1.0 HISTORY AND BUSINESS

Active commenced its business operations on 1 June 2005 in developing and distributing ready-to-wear men's casual apparel such as shirts, trousers, jackets and basic accessories under the "Jeep" brand in Malaysia. In 2007, Active started to develop and distribute women's range of casual apparel under the "Jeep" brand in Malaysia. In 2010, Active launched the "Jeep" brand of apparel for children in Malaysia. As at the LPD, Active operates more than 100 consignment counters nationwide for the "Jeep" brand of apparel and accessories.

The "Jeep" brand, which originated from the United States of America, has a long history beginning in 1941 and is widely recognised as a global brand. It represents the spirit of adventure and ultimate feeling of freedom. The target market for Active's "Jeep" brand of products is both men and women from middle income group of between 20 and 35 years of age, and children from middle income families of between 3 and 14 years of age. The principal market for Active's "Jeep" brand of products is Malaysia.

As at the LPD, Active's principal place of business is in Kampung Baru Balakong, Seri Kembangan, Selangor where it occupies office and warehousing space totalling about 36,000 square feet in an office-cum-warehouse building owned by Jordone named Jordone Corporate Centre. Active's apparel and accessories production function is outsourced to local external manufacturers directly or foreign external manufacturers via buying houses.

Upon completion of the Proposed Acquisition, Active intends to occupy its existing office and warehousing space within Jordone Corporate Centre on a tenanted basis until appropriate premises for relocation has been identified by the management of MESB.

2.0 SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, Active does not have any subsidiary or associated company.

3.0 FINANCIAL INFORMATION

The historical financial information on Active for the past three (3) FYE 30 June 2012 to FYE 30 June 2014 and the 9-month FPE 31 March 2015 are as follows:-

	<----- Audited ----->			Unaudited
	FYE 30 June 2012 (RM'000)	FYE 30 June 2013 (RM'000)	FYE 30 June 2014 (RM'000)	FPE 31 March 2015 (RM'000)
Revenue	30,552	33,561	33,591	22,041
Profit before tax	6,263	4,067	3,838	3,084
Tax expense	(1,577)	(1,015)	(1,371)	(802)
PAT	4,686	3,052	2,467	2,282
Shareholders' equity/NA	13,802	16,854	19,321	21,603
Paid-up share capital	2,500	2,500	2,500	2,500
Total borrowings	2,717	3,513	8,555	12,304
Gross EPS	2.51	1.63	1.54	1.23
Net EPS	1.87	1.22	0.99	0.91
NA per share	5.52	6.74	7.73	8.64
Current ratio (times)	1.78	2.26	1.68	2.35
Gearing ratio (times)	0.20	0.21	0.44	0.57
Total dividend paid	-	-	-	-

INFORMATION ON ACTIVE (CONT'D)

Commentaries on Past Financial Performance

- (i) In the FYE 30 June 2012, Active achieved a revenue of RM30.55 million which was 33.76% higher than the revenue of RM22.84 million recorded in the FYE 30 June 2011 mainly attributable to an expansion of its women's and children's categories of apparel. In tandem with the higher revenue, Active recorded a higher PAT of RM4.69 million as compared to a PAT of RM3.50 million for the FYE 30 June 2011.
- (ii) In the FYE 30 June 2013, Active achieved a revenue of RM33.56 million which was 9.85% higher than the revenue of RM30.55 million recorded in the FYE 30 June 2012 mainly attributable to the stronger sales of children apparel. Notwithstanding the higher revenue achieved, Active recorded a lower PAT of RM3.05 million as compared to a PAT of RM4.69 million for the FYE 30 June 2012 mainly due to, inter alia, a one-off impairment loss on other receivables of about RM1.64 million and an increase in advertisement expenses of about RM1.30 million.
- (iii) In the FYE 30 June 2014, Active achieved a revenue of RM33.59 million which was marginally higher than the revenue of RM33.56 million recorded in the FYE 30 June 2013. Notwithstanding this, Active recorded a lower PAT of RM2.47 million as compared to a PAT of RM3.05 million for the FYE 30 June 2013 due to, inter alia, an increase in directors' remuneration of about RM0.62 million.
- (iv) In the 9-month FPE 31 March 2015, Active achieved a revenue of RM22.04 million which was 16.26% lower than the revenue of RM26.32 million recorded in the 9-month FPE 31 March 2014 mainly attributable to lower sales volume recorded following upward price adjustments for products to elevate brand image and consolidation of non-performing outlets during the 9-month FPE 31 March 2015. In tandem with the lower revenue, Active recorded a lower PAT of RM2.28 million as compared to a PAT of RM2.50 million for the 9-month FPE 31 March 2014.

There were no specific accounting policies adopted which are peculiar to Active because of the nature of Active's business or the industry it is involved in.

There have been no audit qualifications on Active's financial statements during the financial years under review.

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