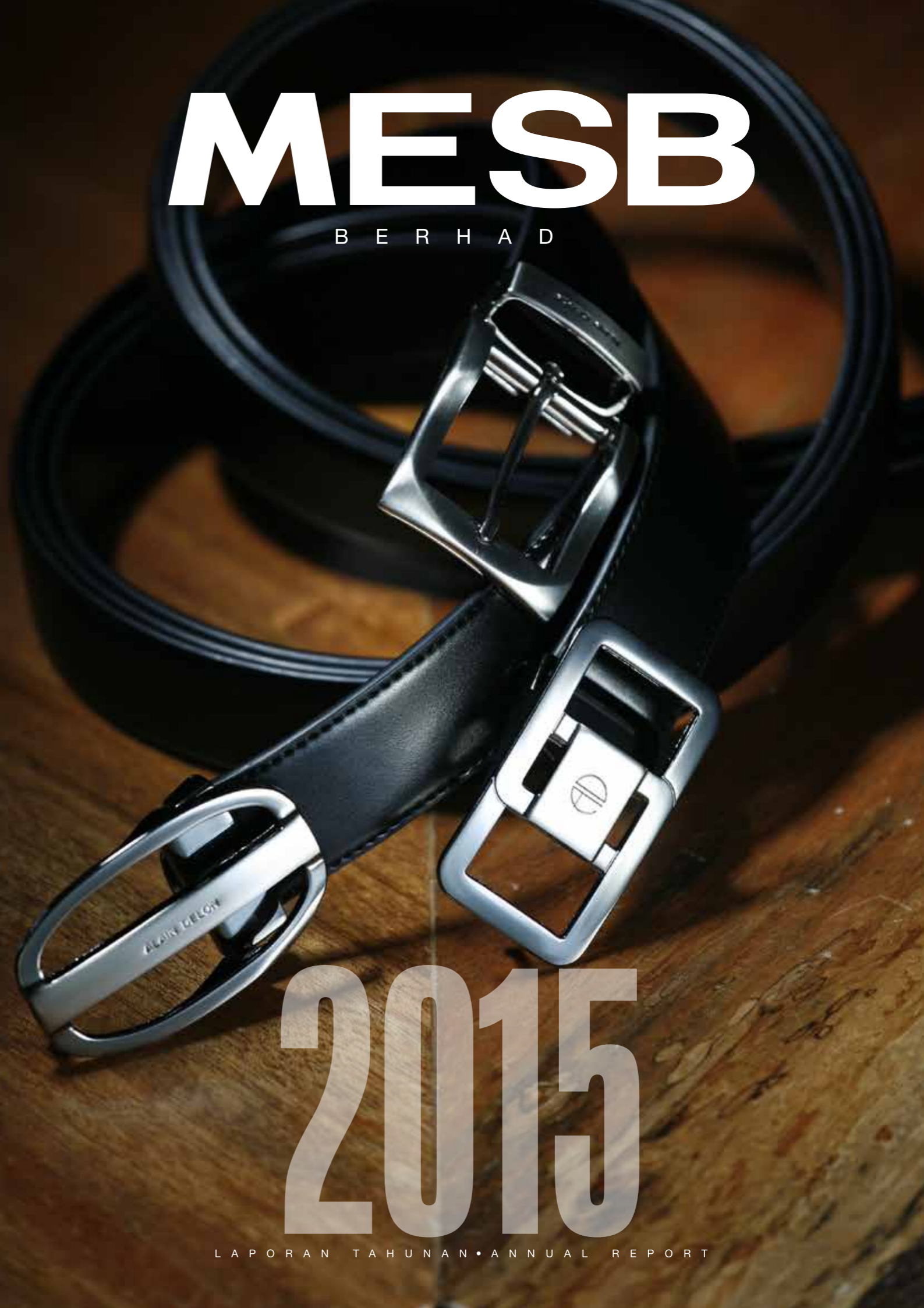


MESB

B E R H A D

MESB BERHAD (337554-D)

LAPORAN TAHUNAN 2015 ANNUAL REPORT



2015

LAPORAN TAHUNAN • ANNUAL REPORT

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No.63, Jalan Tasik Selatan 8, Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur, Malaysia.
Tel: +(603) 9059 5650 Fax: +(603) 9059 5676 Email: mesb@mesbbhd.com www.mesbbhd.com



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NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of MESB Berhad will be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 30 September 2015 at 9.30 a.m. for the following purposes:

AGENDA

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2015 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (i) |
| 2. | To re-elect the following Directors who are retiring pursuant to the Articles of Association of the Company: | |
| | (i) Tan Yew Kim – Article 78 | RESOLUTION 1 |
| | (ii) Ng Chee Leong – Article 78 | RESOLUTION 2 |
| 3. | To approve the payment of Directors' fees amounting to RM108,000 for the financial year ended 31 March 2015. | RESOLUTION 3 |
| 4. | To appoint the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | RESOLUTION 4 |

“THAT Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration.”

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions with or without modifications:

- | | | |
|----|--|---------------------|
| 5. | Ordinary Resolution | RESOLUTION 5 |
| | - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposal”) | |

“THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.4 of the Circular to Shareholders dated 27 August 2015, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities.”

6. **Ordinary Resolution**

- **Continuing in Office as Independent Non-Executive Director**

RESOLUTION 6

“THAT authority be and is hereby given to Encik Saffie Bin Bakar, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company.”

7. **Ordinary Resolution**

- **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

RESOLUTION 7

“THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.”

- 8. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

LIM LEE KUAN (MAICSA 7017753)
SOO SHIOW FANG (MAICSA 7044946)
Company Secretaries

Kuala Lumpur
27 August 2015



NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Act shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting is on 22 September 2015.

Explanatory Notes on Ordinary and Special Business:

- (i) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

- (ii) **Ordinary Resolution 4**
- **Appointment of Auditors**

The Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs KPMG who have given their consent to act, for appointment as Auditors of the Company.

- (iii) **Ordinary Resolution 5**
- **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")**

Further information on the Proposal is set out in the Circular to Shareholders dated 27 August 2015, which is circulated together with the 2015 Annual Report of the Company.

- (iv) **Ordinary Resolution 6**
- **Continuing in Office as Independent Non-Executive Director**

The Nomination Committee and the Board of Directors had assessed the independence of Encik Saffie Bin Bakar, who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended Encik Saffie Bin Bakar to continue acting as an Independent Non-Executive Director of the Company based on the following justifications:

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

(iv) **Ordinary Resolution 6**

- **Continuing in Office as Independent Non-Executive Director (Cont'd)**

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to provide check and balance and bring an element of objectivity to the Board;
- b. he was not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;
- c. he had devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participating in board discussion and provided an independent voice to the Board; and
- d. he had exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and the shareholders.

(v) **Ordinary Resolution 7**

- **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the shareholders at the last Annual General Meeting ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

The purpose of this general mandate sought will provide flexibility to the Company for any possible fund raising activities but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

CORPORATE INFORMATION

DIRECTORS

Ng Chee Leong

(Executive Chairman)

Saffie Bin Bakar

(Senior Independent Non-Executive Director)

Tan Yew Kim

(Independent Non-Executive Director)

Teoh Hwa Peng

(Chief Executive Officer)

Tan Sok Gim

(Executive Director)

Yam Sing Lam @ Yam Seng Lam

(Independent Non-Executive Director)

AUDIT COMMITTEE

Tan Yew Kim

(Chairman of Audit Committee)

Saffie Bin Bakar

Yam Sing Lam @ Yam Seng Lam

NOMINATION COMMITTEE

Saffie Bin Bakar

(Chairman of Nomination Committee)

Tan Yew Kim

Yam Sing Lam @ Yam Seng Lam

REMUNERATION COMMITTEE

Yam Sing Lam @ Yam Seng Lam

(Chairman of Remuneration Committee)

Saffie Bin Bakar

Ng Chee Leong

RISK MANAGEMENT COMMITTEE

Ng Chee Leong

(Chairman of Risk Management Committee)

Saffie Bin Bakar

Tan Yew Kim

Teoh Hwa Peng

Tan Sok Gim

Yam Sing Lam @ Yam Seng Lam

HOMEPAGE

www.mesbbhd.com

REGISTERED OFFICE

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P.Ramlee

50250 Kuala Lumpur

Tel : 03-2382 4288

Fax : 03-2382 4170

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagang Dana 1

Jalan PJU1A/46, 47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7849 0777

Fax : 03-7841 8151/8152

COMPANY SECRETARIES

Soo Shioh Fang (MAICSA 7044946)

Lim Lee Kuan (MAICSA 7017753)

AUDITORS

Crowe Horwath

Level 16, Tower C, Megan Avenue II

12, Jalan Yap Kwan Seng

50450 Kuala Lumpur

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad

Bangkok Bank Berhad

Alliance Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

Sector : Trading/Services

Stock short name : MESB

Stock Code : 7234

SUBSIDIARIES

Miroza Leather (M) Sdn Bhd

MESB Capital & Development Sdn Bhd

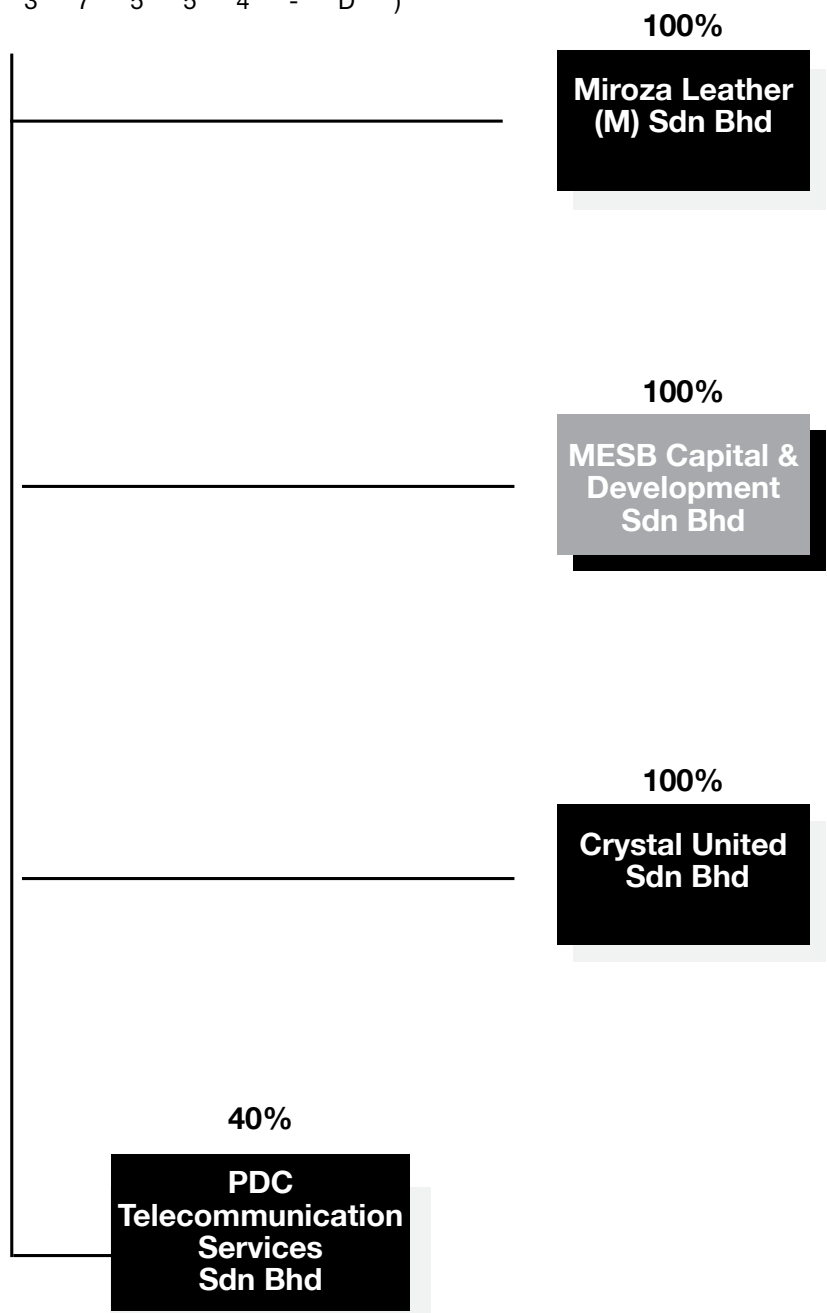
Crystal United Sdn Bhd

MESB GROUP OF COMPANIES CORPORATE STRUCTURE

MESB

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PROFILE OF DIRECTORS

SAFFIE BIN BAKAR JMN, SMP, AMP, PJK
Senior Independent Non-Executive Director

- 62 years of age
- Malaysian
- Chairman of Nomination Committee
- Member of Remuneration Committee
- Member of Audit Committee.
- Member of Risk Management Committee

He was appointed to the Board on 19 March 2004. He is currently the Chairman of Nomination Committee of the Company and was designated as the Senior Independent Non-Executive Director of the Company, to whom concerns of shareholder may be directed.

He graduated from University Malaya with a B.A (Honours) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Administration (DPA) from the Faculty of Economics and Administration, University Malaya in 1978. In 1988, he obtained his MBA from US International University in San Diego, California, USA.

He has more than 36 years experience, specializing in management with extensive knowledge and skills in project planning, business development, property development, human resources management, project management, cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPOs), Reverse Takeovers (RTOs), Mergers and Acquisitions (M&A) and General Offer (GO).

He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as Director of Perlis State Economic Planning Unit (SEPU). He joined Perlis State Economic Development Corporation (SEDC) in September 1983 as Business Development Manager until his optional retirement from Government Service in August 1994.

He had undergone numerous training programmes with the World Bank, UNDP, UNCTC, University of California, Berkeley, U.S.A, University of Hong Kong and Catholic University of Leuven, Belgium. Between August 1978 and March 1981, he also received in-house training in the "State and Rural Development Project" (SRDP), which was funded by the Economic Planning Unit (EPU) and organized by UNDP and the World Bank. He became a Local Counterpart to the Regional Planning Advisor, the Industrial Project Advisor and the Infrastructure Project Advisor who are all World Bank experts.

He is a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM) and Co-Chairman of the Special Task Forces to Facilitate Business (PEMUDAH) for Perlis State.

He is also a member of several organization including an Associate Member of Certified System Investigator (CSI) World Headquarters, Singapore. A Member of Malaysian Institute of Corporate Governance (MICG), Transparency International – Malaysia (TI-M), Malaysia Crime Prevention Foundation (MCPF) and also a life member Malaysian Drug Prevention Association as well as a Central Committee Member of Malaysian Exporters Association (MEXPA).

He was a Senior Independent Director and Audit Committee Member of a government agency - Perlis State Economic Development Corporation (SEDC).

He is currently the Corporate Advisor to Shorubber (Malaysia) Sdn. Bhd, a Japanese OBM manufacturer and exporter of industrial gloves. He is also a Senior Independent Non-Executive Director of YEN Global Berhad and AE Multi Holdings Berhad and a director cum corporate advisor of several other private limited companies in Malaysia.

He has no family relationship with any Directors and/or major shareholders of the Company and has not been convicted for any offences (other than traffic offences) within the past 10 years.

PROFILE OF DIRECTORS (CONT'D)

NG CHEE LEONG

Executive Chairman

- 51 years of age
- Malaysian
- Chairman of Risk Management Committee
- Member of Remuneration Committee

He was appointed as the Director of the Company on 27 August 2008 and subsequently as the Chairman of Board on 26 February 2015. He also holds the position of the Chairman of Risk Management Committee.

Mr. Ng Chee Leong sits on the Board of Miroza Leather (M) Sdn Bhd, a main subsidiary of the Company, engaged in trading of leather products, he is responsible for managing the Group's retailing operations. He also sits on the Board of other subsidiary companies of the Company.

Ng Chee Leong has more than 20 years experience in Men's fashion wear business and leather goods business as well as in consignment and retail industry. His experience is not restricted to the marketing and merchandising areas but envelops the whole business organization and corporate development.

He served with a men's fashion company, marketing the "Playboy" brand of men's wear in Malaysia and subsequently promoted as a Marketing Manager. Later, he was headhunted to join MCL Bhd as Marketing Director in charge of eleven brands.

He was a cofounder and executive director of A.D. Trends Sdn Bhd "ADSB", a former subsidiary of the Company that has ceased its operations from the group in year 2009. ADSB was principally involved in garment trading business.

He is the director of Orlando Corporation Sdn. Bhd., engages in the wholesale and retail of ready-made menswear and related accessories.

He has no family relationship with any Directors and/or major shareholders of the Company and has not been convicted for any offences (other than traffic offences) within the past 10 years.

TAN YEW KIM

Independent Non-Executive Director

- 57 years of age
- Malaysian
- Chairman of Audit Committee
- Member of Nomination Committee
- Member of Risk Management Committee

He was appointed to the Board on 10 February 2010. He holds the position of Chairman of Audit Committee of the Company. He is a fellow member of the Chartered Association of Certified Accountants ("ACCA"), UK, an associate member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants ("MIA").

He is the senior partner of the public accounting firm, Y.K. Tan, Lee & Associates. He also holds directorship in several private limited companies and he does not hold any directorship in other public companies.

He is also a member of the committee of various associations and board of governor of two primary schools.

He has no family relationship with any Directors and/or major shareholders of the Company and has not been convicted for any offences (other than traffic offences) within the past 10 years.

PROFILE OF DIRECTORS (CONT'D)

YAM SING LAM @ YAM SENG LAM

Independent Non-Executive Director

- 69 years of age
- Malaysian
- Chairman of Remuneration Committee
- Member of Audit Committee
- Member of Nomination Committee
- Member of Risk Management Committee

He was appointed to the Board on 7 August 2013. He holds the position of Chairman of Remuneration Committee of the Company.

He graduated with a Bachelor of Engineering (Civil) from the Adelaide University, South Australia in 1970. He is a Professional Engineer (PE) registered with the Board of Engineers Malaysia and a Corporate Member (MIEM) of the Institute of Engineers Malaysia.

Upon graduation, Mr. Yam worked for a year in the Civil Works Design Office of the South Australian Electricity Trust. Mr. Yam returned to Malaysia in 1972 and served in the JKR, Pahang. His last posting in the JKR was the District Executive Engineer, JKR Jerantut District. He later worked in Sumatra, Indonesia, as the Project Manager of a Transmigration Land Scheme from 1978 to 1980.

After returning from Indonesia, he worked short periods in design office and construction sites as Resident Engineer and Project Coordinator. This was followed by a few years as the Civil Works Maintenance Superintendent from 1982 to 1985 at the Malayawata Steel Mill.

In 1985, he joined the UEM as the Construction Manager and later promoted to the General Manager position before he was appointed as the Managing Director of UE Construction Sdn Bhd, a subsidiary and major construction arm of the UEM Group in 1991. This is the position he held until his retirement from the UEM Group in 2001. He had also served on the Boards of Ho Hup Construction Bhd and Propel Bhd.

After his retirement from the UEM Group, he became the Managing Director of Johnson Fluid Engineering Sdn Bhd. and has served as committee members of several Investigation Committees set up by the Board of Engineers.

Mr. Yam is currently active in private consultancy services.

He has no family relationship with any Directors and/or major shareholders and has not been convicted for any offences (other than traffic offences) within the past 10 years.

TEOH HWA PENG

Chief Executive Officer

- 48 years of age
- Malaysian
- Member of Risk Management Committee
- Chief Executive Officer
- Chief Financial Controller

He was appointed to the Board of MESB Berhad on 22 June 2006. He also served as a member of Risk Management Committee of the Company

He is the Chief Executive Officer and Chief Financial Controller of the Group, his mandate is to ensure a smooth operation and to continue building the group.

He is the co-founder of Miroza Leather (M) Sdn Bhd, a main subsidiary of the Company. He has more than 20 years of experience in retailing industry and possesses in-depth knowledge of the overall operations of the Group and has contributed significantly to the growth of the Group.

He sits on the Board of subsidiaries of the Company and other several private companies.

Mr. Teoh Hwa Peng is the spouse to Madam Tan Sok Gim, who is the director and major shareholder of the Company and has not been convicted for any offences (other than traffic offences) within the past 10 years.

PROFILE OF DIRECTORS (CONT'D)

TAN SOK GIM
Executive Director

- 45 years of age
- Malaysian
- Member of Risk Management Committee

She was appointed to the Board of MESB Berhad on 5 April 2013, and she is also a Director of the subsidiary companies, namely, Miroza Leather (M) Sdn. Bhd. and Crystal United Sdn. Bhd.

Madam Tan is an entrepreneur and holds directorships in various private limited companies in Malaysia. She has more than 20 years working experience in the retailing and manufacturing sectors with 10 years at senior level management.

She was a pioneering staff of Miroza Leather (M) Sdn. Bhd., a subsidiary of the Company, since its inception in 1994. She is also very active in other social and business organizational activities. In 2006 she became a life member of Persatuan Usahawan Maju Malaysia ("PUMM") [Malaysia Entrepreneurs' Development Association], and was a Vice President of the Association from 2008 to 2013.

In 2012 she was a pioneer member and Trustee of the Malaysian Chinese Women Entrepreneurs Foundation. She would attend seminars of academic interests in businesses in order to keep herself abreast with current issues and practices.

Madam Tan Sok Gim is the spouse to Mr. Teoh Hwa Peng, who is the directors and major shareholders of the Company and has not been convicted for any offences (other than traffic offences) within the past 10 years.

Notes to the Directors' Profiles:

1. Conflict of Interest
Save for related party disclosures as disclosed under Note 34 to the Audited Financial Statements in this Annual Report and the Circular to Shareholders dated 27 August 2015, which is dispatched together with this Annual Report, the Directors have no conflict of interest with the Company and its subsidiaries.
2. Attendance at Board Meetings
The details of attendance of the Directors at the Board Meetings are set out in the Statement of Corporate Governance on page 22 of this Annual Report.



AUDIT COMMITTEE REPORT

The Board of Directors of MESB Berhad is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 March 2015.

COMPOSITION AND MEETINGS

The composition of the AC as at the date of this Annual Report is as follows:-

Chairman

Tan Yew Kim

Independent Non-Executive Director

Members

Saffie Bin Bakar

Senior Independent Non-Executive Director

Yam Sing Lam @ Yam Seng Lam

Independent Non-Executive Director

Mr. Tan Yew Kim, the Chairman of the AC is a member of the Malaysia Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirement (“MMLR”).

During the financial year ended 31 March 2015, the AC met five (5) times to discuss the quarterly results, ad-hoc matters as well as internal and external audit matters. The attendance of the members of the Audit Committee is set out in table below:

Name of AC Chairman/Members	No. of meetings attended
Chairman Tan Yew Kim <i>(Independent Non-Executive Director)</i>	5/5
Members Saffie Bin Bakar <i>(Senior Independent Non-Executive Director)</i>	5/5
Mr. Yam Sing Lam @ Yam Seng Lam <i>(Independent Non-Executive Director)</i>	5/5

SUMMARY OF TERMS OF REFERENCE

1. Composition

The AC shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors.

No alternate director shall be appointed as a member of the Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within three (3) months.

The terms of office and performance of an AC and each of its members must be reviewed by the Board of Directors annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. Chairman

The Chairman, who shall be elected by the AC, shall be an independent director.

3. Secretary

The Company Secretary or any authorised person shall be the secretary of the AC. The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the AC Chairman in planning the work of the AC, formulating meeting agendas, maintenance of AC minutes, collation and distribution of information required by the AC and provide practical support, as and when needed.

4. Meetings

The AC shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference.

The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), internal auditors and external auditors may attend the meetings upon the invitation of the AC although they do not have any voting rights.

All decisions at such meeting shall be decided on a show of hands on a majority of votes and that the Chairman shall have the casting vote should a tie arises.

5. Rights

In conducting its duties and responsibilities, the AC shall have the authority to investigate any matter within its terms of reference and to seek full and unrestricted access to information, records and documents relevant to the Group. The AC shall also have direct communication channels with the External and Internal Auditors, as well as have the authority to engage, consult and obtain independent professional or other advice at the Company expense.

6. Duties

The audit committee assists the Board in fulfilling its statutory and fiduciary oversight responsibilities relating to the Company's financial accounting, reporting and controls. Its duties and responsibilities shall include the following:-

a. Risk Management & Internal Control

Review the Company's effectiveness of risk management, risk assurance process and internal control system.

b. Financial Reporting

Review and discuss with Management and the External Auditors the annual audited financial statement and quarterly unaudited financial statement to ensure that the preparation of financial statements and disclosure of important information thereof are accurate, complete, and compliance with the approved accounting standards and financial reporting standards before release to public.

c. External Audit

Recommend the appointment or re-appointment of the external auditors and audit fee to the Board, review and discuss the nature and scope of the external audit strategy and plan for the year, review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control.



AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF TERMS OF REFERENCE (CONT'D)

6. Duties (Cont'd)

d. Internal Audit

Review the adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work, including the risk-based internal audit plans and programmes.

e. Related Party Transactions

Monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and to review conflicts of interest that may arise within the Company or the Group.

SUMMARY OF ACTIVITIES

For the financial year under review, the following activities were undertaken by the AC, including the deliberation and review of the following:-

- (i) the unaudited quarterly report of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval and release to Bursa Malaysia Securities Berhad.
- (ii) the annual audited financial statements of the Group and of the Company and recommend it to the Board for approval prior to the release to Bursa Securities and its shareholders.
- (iii) the analyses prepared by management or the external auditors identifying significant financial reporting issues and judgments made in connection with the preparation of the annual financial statements.
- (iii) the related party transactions to ensure that the transactions are fair and reasonable, and are not detrimental to the interests of minority shareholders.
- (v) the audit planning memorandum of the external auditors in terms of their scope of audit prior to their commencement of the annual audit.
- (vi) the external auditors' audit review memorandum in relation to audit and accounting issues arising from the audit, matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.
- (vii) the annual internal audit report, audit recommendations and implementation status of the recommendations.
- (viii) the AC Report and the statement of Risk Management and Internal Control for inclusion in the Annual Report and ensure the statements compliance with the Malaysian Code on Corporate Governance before recommending to the Board of Directors for approval.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTIONS

The internal audit functions of the Group is outsourced to an external professional firm, which reports directly to the AC and assists the Board of Directors in monitoring the risks and reviewing the internal controls system to ensure a sound internal control system as established and continue to function effectively and satisfactorily within the Group, after taking into consideration the practicability of such control mechanism. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant control addressing those risks are reviewed on timely basis.

For the financial year under review, the internal auditors had conducted assessment on stock control system and procedures of the Group's retailing division. The audit reports, findings and recommendations were presented to the Audit Committee for its review and deliberation. The Audit Committee appraised the adequacy of the comments, actions and measures that have been taken by Management in resolving the audit issues/findings reported, and the AC recommended relevant actions/solutions for improvement and enhancement.

During the financial year under review, the audit fees and disbursements incurred for the internal audit function were RM14,197.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of MESB BERHAD is committed to maintaining high standards of corporate governance throughout the Group. The Board adheres to the principles and guidelines of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) to ensure effective corporate governance is practised and served as a fundamental part of building a sustainable business and discharging its responsibilities to protect and enhance shareholder’s value and financial performance of the Group.

1.0. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Defined Functions of the Board and Management Delegates

The Board is responsible for overall corporate governance, strategic direction, formulation of policies to oversee the business, performance and affairs of the Group, and charting the course of the Group’s business operation whilst providing effective advice on Management’s performance, risk assessment and controls over business operations.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly/ exclusively Non-Executive Directors.

There is a clear division of responsibilities between the Board and the Chief Executive Officer (“CEO”). The directors as a whole, leads strategic planning, while the Executive Directors are responsible for the implementation of the policies laid down and executive decision-making. The CEO has overall responsibilities through the Group’s operational and business units. In addition, the CEO also functions as the intermediary between the Board and Management.

To facilitate the discharge of the Board’s stewardship responsibilities, the Board has established Board Committees including the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Risk Management Committee (“RMC”). These committees are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, minutes of the Board Committee meetings are presented to keep the Board informed. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated by the respective Board Committees at their individual meetings.

1.2 Board Charter

The Board Charter was adopted by the Board to facilitate the effective discharge of its duties and responsibilities. The Board Charter and the terms of reference of Board Committees will be regularly reviewed by the Board to ensure the same remains consistent with the Board’s objectives and responsibilities, and is in compliance with relevant laws, regulations, guidelines and standards of corporate governance.

1.3 Formalised Ethical standard through Code of Conduct

The Board is guided by the Company’s Code of Conduct for Directors and Employee in discharging its oversight role effectively. The Code of Conduct is published on the corporate website and has clearly stated the values and inspiring principles behind the achievement of its business objectives are of fundamental importance for the correct operation of its businesses.

The Board has also formalized the Whistleblowing Policy to provide an avenue for raising concerns related to any malpractice or misconduct of which become aware and importantly to provide protection for those who report allegations of such malpractices or misconducts. The Whistleblowing Policy is published on the corporate website.

1.4 Strategies on promoting sustainability

The Board formalises the Company’s strategies on promoting sustainability. The Group’s sustainability vision was set out in the Sustainability Plan, which is published on the corporate website.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

1.0. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.5 Access to information and advice

The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation from them on information or updates on any aspect of the Company's operations or business concerns.

In addition, the Board may seek independent professional advice at the Company's expense, on specific issues to enable it to discharge its duties in relation how this relates to the subject matters being deliberated.

1.6 Qualified and Competent Company Secretaries

The Directors have individual and independent access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board. .

The Board is regularly updated and apprised by the Company Secretaries on new regulation issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flow within the Board and its Committees.

2.0 STRENGTHEN COMPOSITION

The Board consists of six (6) members, comprising three (3) Executive Directors and three (3) Non-Executive Directors. The Board's composition complies with the Main Market Listing Requirements of Bursa Securities, which at least two (2) Directors or one-third of the Board members, whichever is higher, must be independent. The Board appointed a female Director on Board in year 2014.

The Board has the requisite blend expertise, skill and attributes to oversee the Group's growing business. The Directors through their vast experience and qualifications in accounting, financial and business management provide effective contribution and support to the Board, and to successfully direct the Group's business activities to its success.

2.1 Nomination Committee

The Nomination Committee ("NC") comprises a majority of Non-Executive Directors:

- En Saffie Bin Bakar – *Chairman, Senior Independent Non-Executive Director*
- Mr. Tan Yew Kim – *Member, Independent Non-Executive Director*
- Mr. Yam Sing Lam @ Yam Seng Lam – *Member, Independent Non-Executive Director*

The NC was established to provide a formal and transparent procedures for the appointment of directors and annual assessment of the effectiveness of individual directors, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The NC is guided by specific terms of reference and the NC's roles are as follows:

- To recommend candidates to the Board for appointment of Director, CEO and CFO;
- To recommend directors to fill the seats on respective Board Committees;
- To assess the contribution and performance of each individual Director, CEO and CFO;
- To review annually the Board structure, size, composition, mix of skills, qualification and competencies of the Board as whole;
- To review annually the independence of Independent Directors;



STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2.0 STRENGTHEN COMPOSITION (CONT'D)

2.1 Nomination Committee (Cont'd)

The NC is guided by specific terms of reference and the NC's roles are as follows: (Cont'd)

- To take necessary steps to ensure that due consideration is given to female candidates as part of the steps to meet its gender diversity policy;
- To ensure existence of an appropriate framework;
- To consider other matters as referred to the NC by the Board.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Director

Board Appointment Process

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines skills matrix to support strategic direction and needs of the Company.

The NC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment.

Consideration will be given to those individuals possessing the identified skill, talent and experience.

The NC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

According to the Articles of Association of the Company, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors be subjected to re-election by rotation at each AGM and that all directors shall retire once at least in each three (3) years but shall be eligible for re-election.

The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM.

The Company is encouraged to evaluate the directors training needs on regular basis, shall then provide orientation and on-going education to the Board.

In making the selection, the Board is assisted by the NC to consider the following aspects:

- Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.

Gender Diversity policies

The Board recognised the importance of gender diversity, the Board has appointed a female director to sit on Board, and shall continually encourage the recruitment and retention of talented women candidates at all levels.

Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Peer Assessment and an Assessment of Independence of Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2.0 STRENGTHEN COMPOSITION (CONT'D)

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Director (Cont'd)

Annual Assessment (Cont'd)

The individual Directors each undertook a peer assessment of their individual performance during the financial year ended 31 March 2015 based on specific criteria.

The NC also undertakes yearly the performance evaluation of the Directors, CEO and CFO, whose remuneration is directly linked to performance, based on his score sheet. The performance evaluation for the financial year ended 31 March 2015 of the CFO was reviewed by the NC on 27 May 2015.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

The NC assesses the independence of the Independent Non-Executive Directors annually based on criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2.3 Remuneration Policies and Procedures

The Remuneration Committee ("RC"), and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre.

The RC reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, which are depended on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year in the case of Executive Directors. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The remuneration package of the Executive Directors consists of monthly salary, director fee and benefits-in-kind, such as company car and the benefit of Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.

All directors are entitled to the Director fee and any meeting allowance for Board or Board Committee Meetings they attend. The Board as a whole determines the remuneration of Non-Executive Directors and recommends the Board members' Director fees for shareholders' approval.

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2015 (including remuneration drawn from subsidiaries) were as follows:

	RM'000
Executive directors:	
- salaries , bonus and allowances	786
- fees	36
	<hr/> 822
Non-executive directors:	
- allowances	26
- fees	72
	<hr/> 98
	<hr/> 920 <hr/>



STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2.0 STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration Policies and Procedures (Cont'd)

The number of Directors whose remuneration falls within the following bands is tabulated as below:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	3
50,001 to 100,000	1	-
150,001 to 250,000	1	-
300,001 to 350,000	-	-
400,001 to 550,000	1	-

3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board, through the NC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Based on the above assessment for the financial year ended 31 March 2015, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to bring independent and objective judgement to Board deliberations.

Encik Saffie Bin Bakar, one (1) of the Independent Non-Executive Directors, is seeking for re-election at the forthcoming AGM. The NC is satisfied that Encik Saffie Bin Bakar has demonstrated that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement. The Board therefore recommends and supports his proposed re-appointment.

3.2 Tenure of Independent Directors

The Board has adopted the recommendation of MCCG2012 on a nine-year policy for Independent Non-Executive Directors. The tenure of an independent director should not exceed a cumulative terms of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that the person, who has served in that capacity for more than nine (9) years, retains as an independent director.

None of the Independent Non-Executive Directors save for En Saffie Bin Bakar had served for more than 9 years in the Company.

3.3 Shareholders' approval for the Continuance in Office as Independent Director

The Board would seek Shareholders' approval at the AGM to retain En Saffie Bin Bakar as an Independent Non-Executive Director of the Company at the forthcoming meeting. En Saffie Bin Bakar had also expressed his intention to continue act as an Independent Non-Executive Director of the Company.

The justifications for En Saffie Bin Bakar to continue in office as an Independent Non-Executive Director are as follows:

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would able to provide check and balance and bring an element of objectivity to the Board;

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

3.0 REINFORCE INDEPENDENCE (CONT'D)

3.3 Shareholders' approval for the Continuance in Office as Independent Director (Cont'd)

The justifications for En Saffie Bin Bakar to continue in office as an Independent Non-Executive Director are as follows: (Cont'd)

- b. he was not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;
- c. he had devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participated in board discussion and provided an independent voice to the Board; and
- d. he had exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and the shareholders.

3.4 The roles Chairman and the CEO

The Company has appointed Mr. Ng Chee Leong as the Chairman of the Board/Company on 26 February 2015.

The positions of Chairman and CEO are now held by two different individuals. The Chairman is responsible for ensuring the Board is functioning properly, with good corporate governance practices and procedures whilst the CEO establishes strategic processes, oversees the Group's business operations and implementation of the Board's decisions.

The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

3.5 Composition of the Board

The Board of Directors currently comprises six (6) members, of whom three (3) are Independent Non-Executive Directors, and three (3) Executive Directors. The composition of the Board has met the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on minimum requirement of one third (1/3) independent directors or at least two (2) Directors. The Independent Non-Executive Directors do not participate in the day-to-day management of the group and do not involve themselves in business transactions or relationships with the group, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to discharge their responsibility to provide check and balance to the Board.

The Independent Non-Executive Directors are of the calibre necessary to provide an independent judgment on the issues of strategy, performance and resource allocation. They carry sufficient weight in Board decisions to ensure long-term interest of the shareholders, employees, customers and other stakeholders.

En Saffie Bin Bakar was identified as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

The six (6) members of the Board are persons of high calibre and integrity, and they possess the appropriate skills and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management, amongst others.

The profile of each of the Member of the Board is presented on the pages 8 to 11 of this Annual Report.

4.0 FOSTER COMMITMENT

4.1 Time Commitment

The Board conduct at least four (4) regularly schedule meetings annually to coincide with the quarterly announcement of the Group. The Board also meets on an ad-hoc basis to deliberate issues or matter that requires expeditious board direction or approval.



STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4.0 FOSTER COMMITMENT (CONT'D)

4.1 Time Commitment (Cont'd)

To facilitate the Directors' time planning, the regularly meetings schedules are proposed in advance, as well as the tentative closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships of more than five (5) public listed companies and shall notify the Board before accepting any new directorship.

The Board is satisfied with the level of time commitment given by the director to towards fulfilling their roles and responsibilities as Directors of the Company.

This is evidence by the attendance record of the Directors at Board Meetings of the Company as set out in the table :

Name of Director	Designation	No of Meetings Attended
Saffie Bin Bakar	Senior Independent Non-Executive Director	5/5
Yam Sing Lam @ Yam Seng Lam	Independent Non-Executive Director	5/5
Tan Yew Kim	Independent Non-Executive Director	5/5
Ng Chee Leong	Executive Chairman	5/5
Teoh Hwa Peng	Executive Director	4/5
Tan Sok Gim	Executive Director	4/5

4.2 Training

All Directors have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company will continue to identify suitable trainings for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

The Directors are encouraged to attend various briefing, conferences, forums, trade fairs, exhibition, seminars and training not only to enhance their knowledge and to enable them to discharge their duties efficiently as the directors of the Company but also to keep abreast with the latest developments in the industry, regulatory laws, rules as well as guidelines.

During the financial year ended 31 March 2015, the director have attended the following training programmes :-

1. "DSA 2014 – The 14th Defence Services Asia Exhibition & Conference", 14 April 2014-15 April 2014 (Attended by En. Saffie Bin Bakar).
2. "Tax Audit Investigation Framework - A Legal Practical Perspective", 15 May 2014 (Attended by Mr. Tan Yew Kim)
3. "UniMAP - The 2nd Perlis Professional &Intellectual Conference (PROLIS)", 16 April 2014-17 April 2014 (Attended by En. Saffie Bin Bakar).
4. "ICA 2014 - The 12th International Exhibition on Instrumentation, Control & Automation Technology", 27 May 2014 (Attended by En. Saffie Bin Bakar).
5. "KLIGP 2014 - The 6th KL International Gifts, Premium & Stationery Fair", 4 June 2014 (Attended by En. Saffie Bin Bakar).
6. "SMIDEX 2014 – SME Annual Showcase", 5 June 2014 (Attended by En. Saffie Bin Bakar).

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4.0 FOSTER COMMITMENT (CONT'D)

4.2 Training (Cont'd)

During the financial year ended 31 March 2015, the director have attended the following training programmes :- (Cont'd)

7. "ASEAN M&E SHOW 2014", 10 June 2014 (Attended by En. Saffie Bin Bakar).
8. "Franchise International Malaysia 2014 - The 21st International Franchise Exhibition & Conference", 13 June 2014 - 15 June 2014 (Attended by En. Saffie Bin Bakar).
9. "Mifb - The 15th Malaysian International Food & Beverage Trade Fair", 19 June 2014 (Attended by En. Saffie Bin Bakar).
10. "The 25th Malaysia International SIGN & LED", 20 June 2014 (Attended by En. Saffie Bin Bakar).
11. "MISE 2014 - The 3rd Malaysia International Seafood Exposition", 21 June 2014 (Attended by En. Saffie Bin Bakar).
12. "MITI Networking & Dialogue Session Between The Honourable Minister of International Trade & Industry and Industrialist in Perlis State", 26 June 2014 (Attended by En. Saffie Bin Bakar).
13. "ONEBUILD – Malaysia International Building, Construction & Infrastructure Technology Exhibition", 16 July 2014 - 19 July 2014 (Attended by En. Saffie Bin Bakar).
14. "INTERPRETATION OF FINANCIAL STATEMENTS, 4 September 2014 (Attended by Mr. Tan Yew Kim).
15. "AUDIT OF INVENTORIES", 12 September 2014 (Attended by Mr. Tan Yew Kim).
16. "CIDB Malaysia – ICW 2014 - International Construction Week", 17 September 2014-19 September 2014 (Attended by En. Saffie Bin Bakar).
17. "MOGSEC 2014 – The 2nd Malaysian Oil & Gas Services Exhibition and Conference", 25 September 2014 (Attended by En. Saffie Bin Bakar).
18. "MALAYSIA PRIVATE ENTITY REPORTING STANDARDS" , 2 October 2014 (Attended by Mr. Tan Yew Kim).
19. "IGEM 2014 – The 5th International Greentech& Eco Products Exhibition & Conference Malaysia", 16 Oct 2014 (Attended by En. Saffie Bin Bakar).
20. "5thOIC World Biz 2014 – Business & Investment Zone', Exhibition & Conference 2014", 10 November 2014-14 November 2014 (Attended by En. Saffie Bin Bakar).
21. "Malaysia Corporate Tax Practices & Principles – Part 2", 16 December 2014 (Attended by Mr. Tan Yew Kim).
22. "MIDA Dialogue On Domestic Investment Initiative With Domestic Keys Leaders and CEOs Kedah and Perlis", 7 January 2015 (Attended by En. Saffie Bin Bakar).
23. "MITI – Malaysia Entrepreneurship Forum 2015", 26 March 2015 (Attended by En. Saffie Bin Bakar).

The directors were also updated on changes in Accounting Standards and amendments to the Main Market Listing Requirements of Bursa Securities by the External Auditors and Company Secretary respectively during the financial year ended 31 March 2015.

Save as disclosed above, other directors were not able to attend any Directors' training during financial year due to their busy work schedule and overseas travelling.



STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made.

The Board is assisted by the AC to oversee and scrutinise the process and quality of the financial reporting, includes reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

5.2 Assessment of suitability and independence of external auditors

The Audit Committee ("AC") is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors.

The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval. The External Auditors also provided their assurance to the AC confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year ended 31 March 2015.

The external auditors can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the external auditors. All engagements of the external auditors to perform non-audit services are required AC's approval.

The Board maintains a close and transparent relationship with the external Auditors through its AC in seeking professional advice and ensuring the Group's financial statements comply with applicable financial reporting standards.

5.3 Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at the financial year end and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 March 2015 the Directors have:

- adopted suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured adoption of applicable approved accounting standards; and
- Prepared the financial statements on a going concern basis, as the Board has reasonable expectations that the Group and Company have adequate resources to continue in operational existence for foreseeable future.

The Directors are responsible for ensuring that the Group and Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors also have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls.

The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The Board has established Risk Management Committee ("RMC") to oversee the risk management framework of the Group and advise the Board on areas of high and medium risks faced by the Group and the adequacy of compliance and control throughout the organisation. The RMC would review the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

6.2 Internal Audit Functions

The Company has outsourced its Internal audit functions to a professional services firm to assist the AC in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy and Procedures

The Company has put in place a Corporate Disclosure Policies and procedures with objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The Corporate Disclosure Policy and Procedures is published on the corporate website.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

7.2 Leverage on information technology for effective dissemination of information

MESB's website provides all relevant corporate information and it is accessible by the public. The Company's website contains corporate information, all announcements made via Bursa link as well as the corporate governance of MESB.

Through the Company's website the stakeholders are able to direct their queries to the CEO or the Company.

8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

In an effort to encourage greater shareholders' participation at AGMs, the Board takes cognisance in serving longer than the required minimum notice period for AGMs, when possible. The Senior Independent Directors ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.



STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

8.1 Encourage shareholder participation at general meetings (Cont'd)

MESB encloses the Annual Report together with the Circulars to Shareholders and notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

If any shareholder is unable to attend, the Articles of the Company have made provision for shareholder to appoint a proxy who may not be a member of the Company. The Proxy shall have the same rights as the member to vote and speak at the AGM.

8.2 Encourage poll voting

At the AGM of the Company, all resolutions put forth for shareholders' approval at the meeting were voted on by show of hands.

The Chairman would ensure that shareholders were informed of their rights to demand a poll vote at the commencement of the AGM.

8.3 Effective communication and proactive engagement

At the AGM, Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Board is available to respond to shareholders' queries concerning the Company and Group. External auditors are also invited to attend the AGM and will assist the Board in addressing relevant queries made by shareholders.

From the Company's perspective, the AGM also serves as a forum for Directors and CEO to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

COMPLIANCE STATEMENT

The Board is pleased to report that the Company has complied with the principles and recommendations of the MCCG 2012 throughout the financial year ended 31 March 2015 and will continue enhancing its corporate governance system accordingly.

This statement is made in accordance with the resolution of the Board dated 28 July 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group's assets.

Pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Listing Requirements, the Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control for MESB Berhad.

RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and system of internal control, which includes the continuous review of its adequacy and effectiveness to ensure that the Group's assets and shareholders' interest are safeguarded.

However, the Board recognises that any system of internal control has its inherent limitations. It is designed to manage rather than to eliminate risks that may hinder the achievement of the Group's corporate and business objectives. In addition, the effectiveness of an internal control system may vary over time due to the ever changing circumstances and conditions. Consequently, the system can only provide a reasonable rather than absolute assurance against material misstatement or loss.

ASSURANCE FROM MANAGEMENT

The Board received reasonable assurance from the Chief Executive Officer cum Chief Financial Officer that the existing internal control system is operating adequately and effectively, in all material aspects, to meet the Groups' objectives.

RISK MANAGEMENT FRAMEWORK

On a day-to-day basis, respective heads of department are responsible for ongoing process of identifying, evaluating and managing risks of their departments. Significant risks identified and the corresponding implementation of internal controls are discussed at periodic senior management meetings attended by the Executive Director and heads of department. The results of the discussions are tabled at the scheduled Risk Management Committee and Board meetings to ensure relevant decisions and actions taken in maintaining an acceptable level of risk tolerance.

The Board has put in place a Risk Management Framework within the Group to ensure an on-going process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in its business operation. The Board also recognises and acknowledges that the development of an appropriate risk management framework and effective internal control system is an ongoing process.

The Board is assisted by the Risk Management Committee (RMC) who has the overall responsibility for overseeing the risk management activities and recommending to the Board for approval of appropriate risk management procedures and assessment methodologies across the Group.

A risk assessment exercise guided by the Risk Management Framework was undertaken to review the level of liquidity risk, financial risk, economic and market risk, legal and contractual risk and operational risk of MESB and its subsidiaries (except associate company ie. PDC Telecommunications Services Sdn. Bhd.). The Board is of the view that the risk management and internal control system in place is adequate and effective in safeguarding the shareholders' investment and the Group's assets.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm which reports directly to Audit Committee. Internal auditors are required to table their Internal Audit Planning Memorandum to the Audit Committee for review and approval to ensure adequate coverage. Findings of the internal audit were presented to the Audit Committee and appropriately communicated to the respective parties for necessary actions. In this way, the Audit Committee could assist the Board in reviewing the adequacy and effectiveness of the internal control system of the Group.

During the financial year under review, the internal audit compliance exercise reviewed the inventory management control system. The findings arising from the exercise have been submitted for the Audit Committee's review and deliberation. The fee and disbursements incurred for the internal audit function were RM14,197/-.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of internal control include :

- the Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement on the state of the internal control system and report to the Board.
- the Audit Committee and the Board review the Group's performance, financial results and cash flows regularly.
- senior management meetings are held periodically to deliberate and discuss on operational issues and improvement on any weaknesses.
- budgets involving operational, financial and capital expenditure requirements are prepared annually and approved by the Board. The Executive Director meet regularly with the Heads of Department to monitor the financial performance, business initiative and other management and corporate issues.
- defined organisational structure with clear line of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- the Risk Management Committee meets as and when required to update and deliberate any risk elements and risk management activities.

CONCLUSION

The Board continues to take measures to strengthen the controls environment and framework. For the financial year ended 31 March 2015, the Board is of the opinion that there were no major weaknesses in the system of risk management and internal controls which resulted in material losses, contingencies or uncertainties.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this statement on Risk Management and Internal Control. The review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement of Risk Management and Internal Control included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

- (a) The balance of unutilized proceeds of RM5.46 million arising from disposal of 275,000 ordinary shares of RM1.00 each representing 55% equity interest in Touch Mindscape (Melaka) Sdn Bhd (Formerly known as Dynamic Communication Link Sdn Bhd) is expected to be fully utilized within the extended timeframe of 24 months until 20 June 2016 as announced on 27 May 2014.
- (b) The proceeds of RM9.0 million arising from disposal of 600,000 ordinary shares of RM1.00 each ("Sale Shares"), representing 40% equity shares in PDC Telecommunication Services Sdn. Bhd. ("PDC") is expected to be fully utilized within the timeframe of 24 months from the date of the receipts of the proceeds as announced on 15 July 2015.

2. SHARE BUY-BACKS

During the financial year ended 31 March 2015, the Company did not have a scheme to buy-back its own shares.

3. OPTION, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any warrants or convertible securities during the financial year under review.

4. AMERICAN DEPOSITORY RECEIPTS ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year ended 31 March 2015, the Company did not sponsor any ADR or GDR programme.

5. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year ended 31 March 2015.

6. NON-AUDIT FEES

For the financial year under review, the non-audit fees incurred by the Company to the External Auditors, Messrs Crowe Horwath was RM5,000.

7. VARIATION IN RESULTS

There was no variance of 10% or more between the unaudited results for the financial year ended 31 March 2015 as announced on 29 May 2015, as compared to the audited results for the financial year ended 31 March 2015. The Company did not make or release any profit estimate, forecast or projection for the financial year under review.

8. PROFIT GUARANTEE

There were no profit guarantees received by the Company and its subsidiaries during the financial year ended 31 March 2015.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Other than the recurrent related party transactions of a revenue or trading nature as disclosed under related party disclosures set out in Note 34 of the audited financial statements, there were no other material contracts entered into by the Company and/or its subsidiary companies including the Directors' and major shareholders' interests, which was still subsisting at the end of the previous financial year or which were entered into since the end of the previous financial year.



ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

10. RECURRENT RELATED PARTY TRANSACTIONS ('RRPT') OF A REVENUE OR TRADING NATURE

At the last AGM held on 25 September 2014, the Company had obtained general mandate from its shareholders to enter into RRPT with a person who considered as Related Party as defined under paragraph 10.09(1) of the Main Market Listing Requirements. Details of the RRPT during the financial year ended 31 March 2015 pursuant to the above said shareholders mandate are as follows:-

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	§ Actual value from 25 September 2014 (date of last AGM) up to the 5 August 2015 (RM'000)	Estimated value of transactions as disclosed in preceding year's circular (RM'000)
MX Too Sdn. Bhd. ("MX Too")	Miroza Leather (M) Sdn. Bhd. ("Miroza")	Royalty charged by MX Too e.g. Alain Delon, Hummer and any other brands granted by MX Too	*2,366	4,800
Milazo Pte. Ltd. ("Milazo")	¥ PC Global Trends Sdn. Bhd. ("PC Global")	Royalty charged by Milazo e.g. Pierre Cardin and any other brands granted by Milazo	*80	800
MX Too	Miroza	Sale of leather accessories from Miroza to MX Too on an out-right basis	4	1,500
Roncato Sdn. Bhd. ("Roncato")	Miroza	Sale of leather accessories from Miroza to Roncato under consignment basis (The nature of sales is based on the standard consignment agreement, whereby the terms and conditions for the consignment sales are similar for all unrelated customers)	*1,688	3,600
Milazo	Miroza	Royalty charged by Milazo e.g. Pierre Cardin, Alain Delon, Hummer and any other brands granted by Milazo	*1,101	2,300

Notes:

* This figure was reported up to June 2015 as the consignment reports for July 2015 will only be received and processed in the month of August 2015.

§ None of the actual values had exceeded the estimated value by 10% or more

¥ PC Global ceased to be the subsidiary company of MESB on 1 July 2015, and there are no other interested relationships between MESB and PC Global. MESB is not seeking for its shareholders' approval on this transaction at the forthcoming AGM.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group, for the financial year ended 31 March 2015.

FINANCIAL PERFORMANCE

2014/2015 has been a challenging year for MESB group. Consumer sentiment across our key markets was generally weak during the financial year ended 31 March 2015. Consumers remain cautious due to the number of factors such as, the inflationary pressures with the implementation of GST, depreciation of Ringgit Malaysia and the removal of fuel subsidies by the government have caused a slowdown in consumer's spending and resulted the Group's revenue decreased by 4.99% to RM86.70 million in the financial year ended 31 March 2015 as compared to RM91.25 million in financial year ended 31 March 2014.

For the financial year ended 31 March 2015, the Group's profit before tax (PBT) of RM1.93 million was 25.48% lower than the previous year's PBT of RM2.59 million (excluding gain on disposal of properties and equipment of RM13.52 million). The reduction in the Group's profitability was mainly due to lower revenue recorded by its retailing business.

DIVIDENDS

No dividend has been declared for the financial year ended 31 March 2015.

PROSPECTS

2015/2016 is foreseen to be a challenging year for retailers in Malaysia taking into consideration of the weakening of the Ringgit Malaysia compared to the US dollar and the introduction of the GST resultant a hike in inflation rate and higher cost of living. Consumers are now cautious in their daily spending and taking a more aggressive strategy by cutting down spending even the necessities and maximize their money with value-buy, discounts and sales in the past one year.

The Group anticipated its prospects to remain challenging. Headwinds on the domestic front, weakening in the Ringgit Malaysia exchange rate and geopolitical risks which may further negatively impact the consumer confidence as well as the Group's earning growth.

However, our balance sheet remained strong with cash position of RM20.68 million, which enable the Company to enhance shareholders' value through focus on growing its retailing business and undertake new investment opportunities.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility is an integral part of MESB group effort to achieve its corporate vision. We have put our commitments to our people and the environment in which it strive to ensure that we are ethical in all our business practices.

Health & Safety

The Group recognises the importance and implications of health and safety environmental issues. It is the Group's policy that all reasonably practicable steps will be taken to protect employees, customers, suppliers and any other persons within our office, warehouses and outlets.



CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)

Environment

The Group appreciate the importance of not only raising the awareness of our people to understand our environmental impact, but also to inspire and support them to take action to reduce carbon footprint.

The Group encourages the safe recycling and the reuse of office items where applicable. It will work with customers, suppliers, employees where appropriate, to minimizing the amount going to landfill.

Community

The Group believes that corporate success and social welfare are inter-dependent. To improve the communities in which we live and work, we share our time, resources, talent and expertise to help those in need.

Valuing Staff

We value our workforce. We believe that by taking good care of our staff, they will be even more committed and productive at work. We reward employees fairly based on their ability, performance, contribution and experience and we also recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, family status.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey my heartfelt appreciation and thanks to the members of the Board for the continuous guidance and invaluable contributions and I would also like to thank our valued shareholders, business partners, associates, for their unwavering support. As always, our sincerest thanks go out to the management and staff of the Group for their services and commitments to the Group.

The Group will continuing to strengthen its business operations and address new challenges.

Ng Chee Leong
Executive Chairman

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	991	(566)
Attributable to:-		
Owners of the Company	1,250	(566)
Non-controlling interest	(259)	-
	991	(566)

DIVIDENDS

No dividend was declared or paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability of the Company is disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.



DIRECTORS' REPORT (CONT'D)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Teoh Hwa Peng
Saffie Bin Bakar
Ng Chee Leong
Tan Yew Kim
Tan Sok Gim
Yam Sing Lam @ Yam Seng Lam

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1 Each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
The Company				
Direct Interests				
Teoh Hwa Peng	19,071,899	-	-	19,071,899
Tan Sok Gim	2,125,000	-	-	2,125,000
Deemed Interests				
Teoh Hwa Peng *	2,125,000	-	-	2,125,000
Tan Sok Gim*	19,071,899	-	-	19,071,899

* *Deemed interest through spouse's shareholding by virtue of Section 134(12)(c) of the Companies Act 1965 in Malaysia.*

By virtue of their shareholdings in the Company, Teoh Hwa Peng and Tan Sok Gim are deemed to have interests in shares in the subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the end of the reporting period are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 28 July 2015.

Teoh Hwa Peng

Ng Chee Leong



STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS

We, Teoh Hwa Peng and Ng Chee Leong, being two of the directors of MESB Berhad, state that, in the opinion of the directors, the financial statements set out on pages 41 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 28 July 2015.

Teoh Hwa Peng

Ng Chee Leong

STATUTORY DECLARATION

I, Teoh Hwa Peng, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 98 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Hwa Peng, I/C No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory
on this 28 July 2015

Before me

Teoh Hwa Peng

Lai Din
No. W-668
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 98.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD (CONT'D)

Other Reporting Responsibilities

The supplementary information set out in Note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

28 July 2015

Kuala Lumpur

Lee Kok Wai
Approval No: 2760/06/16 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	38,382	37,974
Investment in an associate	6	8,929	7,730	660	660
Property and equipment	7	9,166	8,298	125	244
Other assets	8	540	540	40	40
Goodwill on consolidation	9	24,668	24,668	-	-
		<u>43,303</u>	<u>41,236</u>	<u>39,207</u>	<u>38,918</u>
CURRENT ASSETS					
Inventories	10	17,323	15,731	-	-
Trade receivables	11	14,956	12,813	-	-
Other receivables, deposits and prepayments	12	1,123	2,191	4	7
Amount owing by subsidiaries	13	-	-	317	18
Tax recoverable		-	156	-	153
Fixed deposits with licensed banks	14	17,461	16,730	8,042	7,741
Cash and bank balances		13,010	13,952	1,504	2,786
		<u>63,873</u>	<u>61,573</u>	<u>9,867</u>	<u>10,705</u>
TOTAL ASSETS		<u>107,176</u>	<u>102,809</u>	<u>49,074</u>	<u>49,623</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	42,000	42,000	42,000	42,000
Reserves	16	40,620	39,370	6,434	7,000
TOTAL EQUITY		<u>82,620</u>	<u>81,370</u>	<u>48,434</u>	<u>49,000</u>
NON-CONTROLLING INTEREST		<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>82,753</u>	<u>81,370</u>	<u>48,434</u>	<u>49,000</u>
NON-CURRENT LIABILITIES					
Long-term borrowings	17	763	1,237	103	210
Deferred tax liabilities	18	43	43	-	-
		<u>806</u>	<u>1,280</u>	<u>103</u>	<u>210</u>

The annexed notes form an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
CURRENT LIABILITIES					
Trade payables	19	1,237	929	-	-
Other payables, deposits and accruals	20	3,286	2,621	430	306
Amount owing to related parties	21	4,005	-	-	-
Provision for taxation		304	269	-	-
Short-term borrowings	22	14,785	16,340	107	107
		<u>23,617</u>	<u>20,159</u>	<u>537</u>	<u>413</u>
TOTAL LIABILITIES		<u>24,423</u>	<u>21,439</u>	<u>640</u>	<u>623</u>
TOTAL EQUITY AND LIABILITIES		<u>107,176</u>	<u>102,809</u>	<u>49,074</u>	<u>49,623</u>

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
CONTINUING OPERATIONS					
REVENUE	25	86,685	91,231	-	2,917
COST OF SALES		(31,097)	(33,728)	-	-
GROSS PROFIT		55,588	57,503	-	2,917
OTHER INCOME		708	14,199	372	316
		56,296	71,702	372	3,233
SELLING AND DISTRIBUTION EXPENSES		(24,283)	(25,800)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(30,685)	(29,761)	(1,106)	(1,302)
FINANCE COSTS		(597)	(925)	(17)	(17)
SHARE OF PROFIT IN AN ASSOCIATE		1,199	900	-	-
PROFIT/(LOSS) BEFORE TAXATION	26	1,930	16,116	(751)	1,914
INCOME TAX EXPENSE	27	(939)	(845)	185	(167)
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		991	15,271	(566)	1,747
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	28	-	(75)	-	-
PROFIT/(LOSS) AFTER TAXATION		991	15,196	(566)	1,747
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		991	15,196	(566)	1,747

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		1,250	15,196	(566)	1,747
Non-controlling interest		(259)	-	-	-
		<u>991</u>	<u>15,196</u>	<u>(566)</u>	<u>1,747</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company		1,250	15,196	(566)	1,747
Non-controlling interest		(259)	-	-	-
		<u>991</u>	<u>15,196</u>	<u>(566)</u>	<u>1,747</u>
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic:					
- continuing operations	29	2.98 sen	36.36 sen		
- discontinued operations	29	-	(0.18) sen		
		<u>2.98 sen</u>	<u>36.18 sen</u>		
Diluted:					
- continuing operations	29	Not applicable	Not applicable		
- discontinued operations	29	Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

Note	← Attributable To Owners Of The Company →				Total RM'000	Non- Control- ling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium (Note 16.1) RM'000	Capital Reserve (Note 16.2) RM'000	Retained Profits (Note 16.3) RM'000			
The Group							
Balance at 1.4.2013	42,000	5	37	24,132	66,174	-	66,174
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	15,196	15,196	-	15,196
Balance at 31.3.2014/1.4.2014	42,000	5	37	39,328	81,370	-	81,370
Profit/(Loss) after taxation/ Total comprehensive income/(expenses) for the financial year	-	-	-	1,250	1,250	(259)	991
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	392	392
Balance at 31.3.2015	42,000	5	37	40,578	82,620	133	82,753
The Company							
Balance at 1.4.2013	42,000	5	37	5,211	47,253	-	47,253
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	1,747	1,747	-	1,747
Balance at 31.03.2014/1.4.2014	42,000	5	37	6,958	49,000	-	49,000
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(566)	(566)	-	(566)
Balance at 31.3.2015	42,000	5	37	6,392	48,434	-	48,434

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(FOR)					
OPERATING ACTIVITIES					
Profit/(Loss) before taxation:					
- continuing operations		1,930	16,116	(751)	1,914
- discontinued operations	28	-	(75)	-	-
		<u>1,930</u>	<u>16,041</u>	<u>(751)</u>	<u>1,914</u>
Adjustments for:-					
Allowance for impairment losses on receivables		-	15	-	-
Allowance for impairment losses on receivables written back		(107)	(45)	-	-
Bad debts written off		738	56	-	79
Depreciation of property and equipment		1,734	1,852	125	124
Equipment written off		200	236	-	-
Impairment loss on investment in a subsidiary		-	-	-	275
Interest expenses		597	925	17	17
Inventories written down		147	132	-	-
Dividends from subsidiaries		-	-	-	(2,917)
Gain on disposal of a subsidiary		-	(107)	-	(56)
Gain on disposal of property and equipment		(7)	(10,308)	-	-
Gain on disposal of non-current asset held for sale		-	(3,217)	-	-
Interest income		(583)	(326)	(368)	(260)
Share of profit in an associate		(1,199)	(900)	-	-
		<u>3,450</u>	<u>4,354</u>	<u>(977)</u>	<u>(824)</u>
Operating profit/(loss) before working capital changes		3,450	4,354	(977)	(824)
(Increase)/Decrease in inventories		(1,739)	2,844	-	-
(Increase)/Decrease in trade and other receivables		(1,706)	(138)	3	(1)
Increase/(Decrease) in trade and other payables		913	(5,685)	124	113
Increase in amount owing to related parties		4,005	-	-	-
		<u>4,923</u>	<u>1,375</u>	<u>(850)</u>	<u>(712)</u>
CASH FROM/(FOR) OPERATIONS		4,923	1,375	(850)	(712)
BALANCE CARRIED FORWARD		4,923	1,375	(850)	(712)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
BALANCE BROUGHT FORWARD		4,923	1,375	(850)	(712)
Income tax (paid)/refunded		(748)	(1,288)	338	-
Interest paid		(597)	(925)	(17)	(17)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		3,578	(838)	(529)	(729)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of a subsidiary	30	-	52	-	56
Purchase of equipment	31	(2,657)	(1,408)	(6)	-
Investment in a subsidiary		-	-	(408)	(2,666)
Proceeds from disposal of property and equipment		14	14,165	-	-
Net proceeds from disposal of non-current asset held for sale		-	4,829	-	-
(Advances to)/Repayment to subsidiaries		-	-	(299)	4,254
Placement of fixed deposits pledged		(430)	(5,515)	-	-
Proceeds from issuance of shares to non-controlling interest		392	-	-	-
Dividends received from subsidiaries		-	-	-	2,750
Interest received		583	326	368	260
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,098)	12,449	(345)	4,654
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of advances to a director		-	(76)	-	(76)
Net repayment of bankers' acceptances		(1,575)	(119)	-	-
Repayment of hire purchase obligations		(300)	(292)	(107)	(112)
Repayment of term loans		(617)	(3,221)	-	-
NET CASH FOR FINANCING ACTIVITIES		(2,492)	(3,708)	(107)	(188)

The annexed notes form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,012)	7,903	(981)	3,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>21,693</u>	<u>13,790</u>	<u>10,527</u>	<u>6,790</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	<u>20,681</u>	<u>21,693</u>	<u>9,546</u>	<u>10,527</u>

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 10th Floor, Menara Hap Seng,
No. 1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur.

Principal place of business : No. 63, Jalan Tasik Selatan 8,
Bandar Tasik Selatan,
Sungai Besi, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 July 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following amendments to accounting standards and a new interpretation (including the consequential amendments, if any):-

Amendments to MFRSs and a new IC Interpretation (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above amendments to the accounting standards and the interpretation (including the consequential amendments) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards (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:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The adoption of this standard is not expected to have any impact on the financial statements of the Group.
- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates And Judgements (Cont'd)

(f) Impairment of Goodwill and Intangible Assets

Goodwill and intangible assets are tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill and the intangible assets are allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss. The cost of the investments includes transaction costs.

4.7 Investment in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period of the Group. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property and Equipment

Property and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less accumulated impairment losses, if any and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Buildings	2%
Motor vehicles	20% - 30%
Office equipment, furniture and fittings	5% - 20%
Computers	50%
Renovation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

4.9 Intangible Assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

The cost of acquiring the rights, interest and benefits to the operations, brands and patents pertaining to the trademarks are capitalised as intangible assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Intangible Assets (Cont'd)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

4.10 Impairment

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (Cont'd)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.11 Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.12 Inventories

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

4.13 Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income Taxes (Cont'd)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.15 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Related Parties

A party is related to an entity (referred to as the “reporting entity”) if:-

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.17 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market’s participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Revenue And Other Income

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Rental Income

Rental income is recognised on an accrual basis.

4.19 Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.20 Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or held for sale, under deregistration exercise or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start.

4.21 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.23 Operating Leases

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost		
At 1 April 2014/2013	38,249	35,583
Additional investment in a subsidiary during the financial year	-	2,666
Subscribed for investment in the issued and paid-up share capital of a newly incorporated subsidiary	<u>408</u>	<u>-</u>
At 31 March 2015/2014	38,657	38,249
Less: Accumulated impairment losses	<u>(275)</u>	<u>(275)</u>
	<u>38,382</u>	<u>37,974</u>
Accumulated impairment losses:-		
At 1 April 2014/2013	(275)	-
Addition during the financial year	<u>-</u>	<u>(275)</u>
At 31 March 2015/2014	<u>(275)</u>	<u>(275)</u>

In the previous financial year, the Company assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and is derived from the net assets position of the respective subsidiaries as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiary	Effective Equity Interest		Principal activities
	2015	2014	
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
MESB Capital & Development Sdn. Bhd.	100%	100%	Investment holding.
Crystal United Sdn. Bhd.	100%	100%	Investment holding.
PC Global Trends Sdn. Bhd. ~	51%	-	Trading and retailing in ladies's shoes and leather products.
MESB Agriculture Sdn. Bhd. ^	-	100%	Dormant.

~ During the financial year, the Company subscribed for 51% equity interest in the issued and paid-up share capital of this subsidiary. Subsequent to the end of the reporting period, on 1 July 2015, the Company disposed of the entire equity interest in this subsidiary to a third party, as disclosed in Note 41 to the financial statements.

^ During the financial year this subsidiary was struck off from the register pursuant to Section 308 of the Companies Act 1965.

6. Investment In An Associate

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	8,269	7,070	-	-
	<u>8,929</u>	<u>7,730</u>	<u>660</u>	<u>660</u>

6.1 Share of profit in an associate is based on the unaudited financial statements of the associate made up to 31 March 2015.

6.2 Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal activities
	2015	2014	
PDC Telecommunication Services Sdn. Bhd.	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

6.3 On 15 July 2015, the Company entered into a Share Sale Agreement with a third party to dispose of its entire shares in PDC Telecommunication Services Sdn. Bhd., as disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

6.4 The summarised unaudited financial information of the associate is as follows:-

	2015 RM'000	2014 RM'000
<u>At 31 March</u>		
Non-current assets	4,764	6,004
Current assets	21,846	18,288
Non-current liabilities	(1,021)	(1,294)
Current liabilities	(3,012)	(3,419)
Net assets	<u>22,577</u>	<u>19,579</u>
<u>12 months ended 31 March</u>		
Revenue	8,616	8,728
Profit for the financial year	2,996	2,251
Total comprehensive income	<u>2,996</u>	<u>2,251</u>
Group's share of profit for the financial year	1,199	900
Group's share of other comprehensive income	<u>-</u>	<u>-</u>
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets above	<u>8,929</u>	<u>7,730</u>
Carrying amount of the Group's interests in this associate	<u>8,929</u>	<u>7,730</u>

7. PROPERTY AND EQUIPMENT

	At 1.4.2014 RM'000	Additions RM'000	Disposal RM'000	Written Off RM'000	Provision Restoration Costs (Note 20) RM'000	Depreciation Charge RM'000	At 31.3.2015 RM'000
The Group							
Net Book Value							
Leasehold land and building	3,088	-	-	-	-	(63)	3,025
Motor vehicles	679	92	(7)	-	-	(333)	431
Office equipment, furniture and fittings	1,447	125	-	-	-	(139)	1,433
Computers	82	190	-	-	-	(127)	145
Renovation	3,002	2,342	-	(200)	60	(1,072)	4,132
Total	<u>8,298</u>	<u>2,749</u>	<u>(7)</u>	<u>(200)</u>	<u>60</u>	<u>(1,734)</u>	<u>9,166</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

7. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.4.2013 RM'000	Additions RM'000	Disposal RM'000	Written Depreciation Off Charge RM'000 RM'000		At 31.3.2014 RM'000
The Group						
Net Book Value						
Freehold land and building	3,788	-	(3,788)	-	-	-
Leasehold land and building	3,181	-	-	-	(93)	3,088
Motor vehicles	1,020	-	-	-	(341)	679
Office equipment, furniture and fittings	1,646	24	(69)	-	(154)	1,447
Computers	170	54	-	(1)	(141)	82
Renovation	3,030	1,330	-	(235)	(1,123)	3,002
Total	12,835	1,408	(3,857)	(236)	(1,852)	8,298

	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
The Group			
At 31.3.2015			
Leasehold land and building	3,740	(715)	3,025
Motor vehicles	1,882	(1,451)	431
Office equipment, furniture and fittings	2,248	(815)	1,433
Computers	2,626	(2,481)	145
Renovation	8,134	(4,002)	4,132
	18,630	(9,464)	9,166
At 31.3.2014			
Leasehold land and building	3,740	(652)	3,088
Motor vehicles	1,868	(1,189)	679
Office equipment, furniture and fittings	2,123	(676)	1,447
Computers	2,436	(2,354)	82
Renovation	6,141	(3,139)	3,002
	16,308	(8,010)	8,298

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

7. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.4.2014 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.3.2015 RM'000
The Company				
Net Book Value				
Computers	-	6	(3)	3
Motor vehicles	244	-	(122)	122
	<u>244</u>	<u>6</u>	<u>(125)</u>	<u>125</u>

	At 1.4.2013 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.3.2014 RM'000
The Company				
Net Book Value				
Computers	3	-	(3)	-
Motor vehicles	365	-	(121)	244
	<u>368</u>	<u>-</u>	<u>(124)</u>	<u>244</u>

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Company			
At 31.3.2015			
Computers	15	(12)	3
Motor vehicles	609	(487)	122
	<u>624</u>	<u>(499)</u>	<u>125</u>
At 31.3.2014			
Computers	9	(9)	-
Motor vehicles	609	(365)	244
	<u>618</u>	<u>(374)</u>	<u>244</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

7. PROPERTY AND EQUIPMENT (CONT'D)

The leasehold land is amortised over the lease periods ranging from 80 to 99 years.

Included in the carrying amounts of the property and equipment at the end of the reporting period were the following:-

7.1 Assets acquired under hire purchase terms:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	385	605	120	240

7.2 Assets pledged as security for banking facilities granted to the Group:-

	The Group	
	2015 RM'000	2014 RM'000
Leasehold land and building	3,025	3,088

8. OTHER ASSETS

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Intangible asset	8.1	500	500	-	-
Other investment	8.2	40	40	40	40
		540	540	40	40

8.1 Intangible Asset

	The Group	
	2015 RM'000	2014 RM'000
At cost	500	500

These represent intellectual rights, interest and benefits to the operations, trademarks and patents pertaining to certain brands. These brands are also the cash generating units ("CGUs") relating to the intellectual assets.

The intellectual assets recognised by the Group have indefinite useful life and are not amortised. The indefinite useful life assessment was based on the assumption that continuous brand promotion and merchandising activities, and introduction of new designs from time to time expected to maintain the value of the brands for an indefinite period of time.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

8. OTHER ASSETS (CONT'D)

8.1 Intangible Asset (Cont'd)

As at the end of each reporting period, the useful life of this asset is reviewed by the management to determine whether events and circumstances continue to support an indefinite useful life assessment of this asset. Such assets are tested for impairment in accordance with the Group policy as stated in Note 4.9 to the financial statements.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

	Gross Margin	Growth Rate	Discount Rate
Trademarks and patents	66%	7%	10.97%

- (a) Budgeted gross margin The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increase for expected efficiency improvements and cost saving measures.
- (b) Growth rate The basis used to determine the growth rate is the revenue achieved in recent years taking into account increase in consumers spending as a result of merchandising improvement and new marketing strategies.
- (c) Discount rate The discount rates used are pre-tax and reflected the weighted average cost of capital of the Group.

Sensitivity to changes in assumptions

The management determined the above key assumptions based on recent past performances of the CGUs. The management believes continuous brand awareness programs through promotion and advertisements, and introduction of new designs will enable the CGUs to sustain their growth rate. However, any new laws or amendments to existing laws which restricts the usage of leather products may have an effect on the key assumptions and adversely affect the performance of these CGUs.

8.2 Other Investment

The other investment designated as available-for-sale financial asset represents club memberships carried at fair value. The club memberships are held in trust by certain directors of the Group.

9. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of Miroza. Thus, the cash generating unit ("CGU") to which the goodwill belongs has been identified to certain operating activities of Miroza.

Goodwill on consolidation is stated at cost and reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation, and determined that the goodwill on consolidation is not impaired.

The recoverable amount of a CGU is determined by value-in-use approach and this is derived from present value calculations using pre-tax cash flow projections based on financial budgets approved by management covering a period of five years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

9. GOODWILL ON CONSOLIDATION (CONT'D)

The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2015	2014	2015	2014	2015	2014
Trading segment	66%	68%	7%	4%	10.97%	9.08%

- (a) Budgeted gross margin The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increase for expected efficiency improvements and cost saving measures.
- (b) Growth rate The basis used to determine the growth rate is the revenue achieved in recent years taking into account increase in consumers spending as a result of merchandising improvement and new marketing strategies. The effect of including opening of new outlets in the next 5 years resulted in the increase in the growth rate for 2015.
- (c) Discount rate The discount rate used is the pre-tax rate and reflects the weighted average cost of capital of the Group.

10. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
Inventories held for trading:		
- at cost	17,122	15,581
- at net realisable value	-	150
	<u>17,122</u>	<u>15,731</u>
At net realisable value :-		
Finished goods	<u>201</u>	<u>-</u>
	<u>17,323</u>	<u>15,731</u>
<u>Recognised in profit or loss</u>		
- inventories recognised as cost of sales	24,928	29,181
- inventories written down	147	132
	<u>25,075</u>	<u>29,313</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

11. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	14,956	13,208
Less: Allowance for impairment losses	-	(395)
	<u>14,956</u>	<u>12,813</u>
Allowance for impairment losses:-		
At 1 April 2014/2013	(395)	(395)
Reversal during the financial year	78	-
Written off during the financial year	317	-
	<u>-</u>	<u>(395)</u>
At 31 March 2015/2014	-	(395)

Included in trade receivables at the end of the reporting period were the following:-

	The Group	
	2015 RM'000	2014 RM'000
Amounts owing by related parties:		
- Roncato Sdn. Bhd.	86	60
- Orlando Corporation Sdn. Bhd.	29	23
- MX Too Sdn. Bhd.	-	2
	<u>115</u>	<u>85</u>

The Group's normal trade credit terms range from cash terms to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	3	2,046	-	-
Less: Allowance for impairment losses	-	(450)	-	-
	<u>3</u>	<u>1,596</u>	<u>-</u>	<u>-</u>
Deposits	954	400	4	7
Prepayments	166	195	-	-
	<u>1,123</u>	<u>2,191</u>	<u>4</u>	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowance for impairment losses:-				
At 1 April 2014/2013	(450)	(480)	-	-
Addition during the financial year	-	(15)	-	-
Reversal during the financial year	29	45	-	-
Written off during the financial year	421	-	-	-
At 31 March 2015/2014	<u>-</u>	<u>(450)</u>	<u>-</u>	<u>-</u>

Included in other receivables of the Group in the previous financial year were advances amounting to RM1,429,957 paid to a supplier of a subsidiary. The amount owing was unsecured, interest free and was used as part settlement for purchase of goods in the current financial year.

13. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and receivable on demand. The amount owing is to be settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term funds	14.1	8,042	7,741	8,042	7,741
Deposits with financial institutions	14.2	<u>9,419</u>	<u>8,989</u>	<u>-</u>	<u>-</u>
		<u>17,461</u>	<u>16,730</u>	<u>8,042</u>	<u>7,741</u>

14.1 Investment in fixed income trust funds in Malaysia represent investments in highly liquid money market, which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

14.2 Pledged to licensed banks as security for banking facilities granted to the Group. The weighted average effective interest rate of the fixed deposits of the Group and the Company at the end of the reporting period was 2.92% (2014 – 2.85%) and 3.03% (2014 – 2.98%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 months (2014 - 1 to 12 months).



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

15. SHARE CAPITAL

	The Company		2015 RM'000	2014 RM'000
	2015 Number Of Shares '000	2014 Number Of Shares '000		
Ordinary Shares Of RM1 Each:-				
Authorised	100,000	100,000	100,000	100,000
Issued And Fully Paid-Up	42,000	42,000	42,000	42,000

16. RESERVES

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share premium	16.1	5	5	5	5
Capital reserve	16.2	37	37	37	37
Retained profits	16.3	40,578	39,328	6,392	6,958
		40,620	39,370	6,434	7,000

16.1 Share Premium

This relates to the premium arising from shares issued and is not distributable by way of cash dividends.

16.2 Capital Reserve

This relates to the equity-settled share option previously granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of the share options. The share options were implemented on 14 December 2004 and expired on 13 December 2009.

16.3 Retained Profits

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

17. LONG-TERM BORROWINGS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hire purchase payables (Note 23)	255	363	103	210
Term loan (Note 24)	508	874	-	-
	763	1,237	103	210

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

18. DEFERRED TAX LIABILITIES

	The Group	
	2015 RM'000	2014 RM'000
At 1 April 2014/2013	43	264
Recognised in profit or loss (Note 27)	-	(221)
	<u>43</u>	<u>43</u>
At 31 March 2015/2014	<u>43</u>	<u>43</u>

The deferred tax liabilities are attributed to the following:-

	2015 RM'000	2014 RM'000
Taxable temporary differences attributed to accelerated capital allowances	135	168
Deductible temporary differences attributed to a specific provisional expense	(92)	(125)
	<u>43</u>	<u>43</u>

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

20. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	1,452	750	390	306
Accruals	1,732	1,866	40	-
Deposits received	42	5	-	-
Provision for restoration cost	60	-	-	-
	<u>3,286</u>	<u>2,621</u>	<u>430</u>	<u>306</u>

	The Group	
	2015 RM'000	2014 RM'000
Movement in the provision for restoration costs:-		
At 1 April	-	-
Provision made during the financial year (Note 7)	60	-
	<u>60</u>	<u>-</u>
At 31 March	<u>60</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

21. AMOUNT OWING TO RELATED PARTIES

The amount owing represents trade balances which are subjected to a credit term of 90 days. The amount owing is to be settled in cash.

22. SHORT TERM BORROWINGS

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bankers' acceptances	22.1	13,858	15,433	-	-
Bank overdraft	22.2	371	-	-	-
Hire purchase payables (Note 23)		184	284	107	107
Term loan (Note 24)		372	623	-	-
		<u>14,785</u>	<u>16,340</u>	<u>107</u>	<u>107</u>

22.1 The bankers' acceptances of the Group are subjected to a weighted average effective interest rate of 5.36% (2014 – 4.75%) per annum at the end of the reporting period and were secured by:-

- legal charges over the leasehold land and buildings of the Group;
- a pledge over the fixed deposits of a subsidiary; and
- a corporate guarantee of the Company.

22.2 The effective interest rate of the bank overdraft was 8.10% per annum at the end of the reporting period.

23. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase payments:				
- not later than one year	215	327	124	124
- later than one year but not later than five years	298	419	120	244
	<u>513</u>	<u>746</u>	<u>244</u>	<u>368</u>
Less: Future finance charges	<u>(74)</u>	<u>(99)</u>	<u>(34)</u>	<u>(51)</u>
Present value of hire purchase payables	<u>439</u>	<u>647</u>	<u>210</u>	<u>317</u>
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year (Note 22)	184	284	107	107
Non-current:				
- later than one year but not later than five years (Note 17)	255	363	103	210
	<u>439</u>	<u>647</u>	<u>210</u>	<u>317</u>

The hire purchase payables of the Group and of the Company are subjected to a weighted average effective interest rate of 6.13% (2014 – 5.57%) per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

24. TERM LOANS

	The Group	
	2015 RM'000	2014 RM'000
Current portion:		
- repayable within one year(Note 22)	372	623
Non-current portion(Note 17):		
- repayable between one to two years	319	371
- repayable between two to five years	189	503
	<u>508</u>	<u>874</u>
	<u>880</u>	<u>1,497</u>

Details of term loans at the end of the reporting period are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalments RM	Effective Dates Of Commencement Of Repayment	Amount Outstanding	
				2015 RM'000	2014 RM'000
1	60	24,592	January 2012	493	756
2	36	31,267	January 2012	-	272
3	60	10,102	November 2013	387	469
				<u>880</u>	<u>1,497</u>

The term loans of the Group at the end of the reporting period are subjected to a weighted average effective interest rate of 6.56% (2014 – 6.46%) per annum and are secured by:-

- (i) a first legal charge over the leasehold land and buildings of the Group;
- (ii) a pledge over the fixed deposits of a subsidiary; and
- (iii) a corporate guarantee of the Company.

25. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Trading	86,685	91,231	-	-
Dividends received from subsidiaries	-	-	-	2,917
	<u>86,685</u>	<u>91,231</u>	<u>-</u>	<u>2,917</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

26. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on other receivables	-	15	-	-
Auditors' remuneration:-				
Statutory audit fee:				
- for the financial year	89	72	35	30
- under/(over)provision in the previous financial year	8	(1)	2	-
Non-statutory audit fee:				
- for the financial year	5	5	5	5
Bad debts written off	738	56	-	79
Depreciation of property and equipment	1,734	1,852	125	124
Directors' fee	108	100	108	100
Directors' non-fee emoluments	812	810	255	252
Equipment written off	200	236	-	-
Impairment loss on investment in a subsidiary	-	-	-	275
Interest expenses:-				
- bank overdrafts	61	35	-	-
- bankers' acceptances	410	570	-	-
- hire purchase	44	42	17	17
- term loans	82	278	-	-
Inventories written down	147	132	-	-
Rental of premises	1,333	661	-	-
Staff costs:-				
- salaries, wages, allowances and bonus	15,687	16,190	295	174
- defined contribution plans	1,454	1,504	25	18
- other benefits	379	509	-	4
Allowance for impairment losses on receivables written back	(107)	(45)	-	-
Dividends from subsidiaries	-	-	-	(2,917)
Gain on disposal of property and equipment	(7)	(10,308)	-	-
Gain on disposal of non-current asset held for sale	-	(3,217)	-	-
Gain on disposal of a subsidiary	-	(107)	-	(56)
Interest income:-				
- fixed deposit	(583)	(326)	(364)	(260)
- others	-	-	(4)	-
Realised loss/(gain) on foreign exchange	98	(29)	-	-
Rental income	(99)	(162)	-	-
Share of profit in an associate	(1,199)	(900)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

27. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax:				
- for the financial year	1,072	1,109	-	167
- overprovision in the previous financial year	(133)	(43)	(185)	-
	<u>939</u>	<u>1,066</u>	<u>(185)</u>	<u>167</u>
Deferred tax liability (Note 18):				
- for the financial year	-	(40)	-	-
- overprovision in the previous financial year	-	(181)	-	-
	<u>-</u>	<u>(221)</u>	<u>-</u>	<u>-</u>
	<u>939</u>	<u>845</u>	<u>(185)</u>	<u>167</u>

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) before taxation	<u>1,930</u>	<u>16,116</u>	<u>(751)</u>	<u>1,914</u>
Tax at the statutory tax rate of 25%	482	4,028	(188)	478
Tax effects of:-				
Share of results in an associate	(300)	(225)	-	-
Non-taxable gains	(95)	(3,462)	(91)	(576)
Non-deductible expenses	879	728	279	265
Deferred tax asset not recognised during the financial year	106	-	-	-
Overprovision in the previous financial year:				
- current tax	(133)	(43)	(185)	-
- deferred tax	-	(181)	-	-
Income tax expense for the financial year	<u>939</u>	<u>845</u>	<u>(185)</u>	<u>167</u>

The amounts of temporary differences for which no deferred tax has been recognised in the financial statements are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Unutilised tax losses	400	-
Unutilised capital allowances	24	-
	<u>424</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

27. INCOME TAX EXPENSE (CONT'D)

Deferred tax asset has not been recognised in respect of the above as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

28. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

28.1 The discontinued operations in the previous financial year were due to the following:-

- (a) The disposal of the entire equity interest in a wholly owned subsidiary, MESB Development Sdn. Bhd.; and
- (b) MESB Agriculture Sdn. Bhd. had been struck off from the register pursuant to Section 308 of the Companies Act 1965.

28.2 The related information on the discontinued operations in the previous financial year was as follows:-

- (a) Analysis of the results of the discontinued operations was as follows:-

	The Group 2014 RM'000
Revenue	-
Administrative and other expenses	(75)
Loss before taxation	(75)
Income tax expense	-
Loss after taxation from discontinued operations	(75)

- (b) Included in loss before taxation of the discontinued operations was the following:-

	The Group 2014 RM'000
Loss before taxation is arrived at after charging:-	
Staff costs:	
- salaries, allowances and bonuses	33
- defined contribution plan	3
- others	19

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

28. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

28.2 The related information on the discontinued operations in the previous financial year was as follows (Cont'd):-

(c) The cash flows attributable to the discontinued operations in the previous financial year were as follows:-

	The Group 2014 RM'000
Net cash for operating activities/ discontinued operations	(13)

29. EARNINGS PER SHARE

	The Group	
	2015 RM'000	2014 RM'000
Continuing operations		
Profit after taxation (RM'000)	991	15,271
Less: Loss attributed to non-controlling interest (RM'000)	259	-
Profit attributable to owners of the Company	<u>1,250</u>	<u>15,271</u>
Number of ordinary shares at 31 March ('000)	<u>42,000</u>	<u>42,000</u>
Basic earnings per share (sen)	<u>2.98</u>	<u>36.36</u>
Discontinued operations		
Loss after taxation/Loss attributable to owners of the Company (RM'000)	-	(75)
Number of ordinary shares at 31 March ('000)	-	42,000
Basic loss per share (sen)	-	(0.18)

The diluted earnings per share is not applicable as there are no potential dilutive ordinary shares outstanding at the end of the reporting period.

30. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Company disposed of a wholly owned subsidiary, MESB Development Sdn. Bhd. for a total cash consideration of RM56,000.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

30. DISPOSAL OF A SUBSIDIARY (CONT'D)

The effect of the abovementioned disposal on the consolidated financial statements of the Group was as follows:-

(a) Effect on Consolidated Statement of Profit or Loss and Other Comprehensive Income

The effect on the consolidated results of the Group up to the date of disposal in the previous financial year was as follows:-

	2014 RM'000
Administrative and other operating expenses	(69)
Loss after taxation	<u>(69)</u>

(b) Effect on Consolidated Financial Position

The effect on the consolidated financial position of the Group as at the date of disposal in the previous financial year was as follows:-

	2014 RM'000
Equipment	3
Cash and bank balances	4
Trade and other payables	(58)
Fair value of net assets disposed	(51)
Gain on disposal of a subsidiary	<u>107</u>
Sale proceeds from disposal of a subsidiary, net of incidental cost	56
Cash and bank balances	(4)
Cash inflow from disposal of a subsidiary	<u>52</u>

31. PURCHASE OF EQUIPMENT

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of equipment purchased(Note 7)	2,749	1,408	6	-
Amount financed through hire purchase	(92)	-	-	-
Cash disbursed for purchase of equipment	<u>2,657</u>	<u>1,408</u>	<u>6</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

32. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks (Note 14)	17,461	16,730	8,042	7,741
Cash and bank balances	13,010	13,952	1,504	2,786
Bank overdraft (Note 22)	(371)	-	-	-
	<u>30,100</u>	<u>30,682</u>	<u>9,546</u>	<u>10,527</u>
Less : Deposit pledged to licensed banks (Note 14.2)	(9,419)	(8,989)	-	-
	<u>20,681</u>	<u>21,693</u>	<u>9,546</u>	<u>10,527</u>

33. DIRECTORS' REMUNERATION

33.1 The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive directors:				
- salaries and allowances	786	790	229	232
- fees	36	36	36	36
	<u>822</u>	<u>826</u>	<u>265</u>	<u>268</u>
Non-executive directors:				
- allowances	26	20	26	20
- fees	72	64	72	64
	<u>98</u>	<u>84</u>	<u>98</u>	<u>84</u>
	<u>920</u>	<u>910</u>	<u>363</u>	<u>352</u>

33.2 The estimated monetary value of benefits-in-kind provided to the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors Of The Company				
Executive directors	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

33. DIRECTORS' REMUNERATION (CONT'D)

33.3 The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group	
	2015	2014
	Number Of Directors	
Executive directors:-		
Below RM100,000	1	1
RM100,001 – RM300,000	2	2
	<hr/>	<hr/>
	3	3
Non-Executive directors:-		
Below RM50,000	5	5
	<hr/>	<hr/>
	8	8
	<hr/>	<hr/>

34. RELATED PARTY DISCLOSURES

34.1 Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

34.2 Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Dividends received from				
Subsidiaries:				
- Crystal United Sdn Bhd	-	-	-	2,250
- Miroza Leather (M) Sdn Bhd	-	-	-	667
Sales to related parties:				
- Roncato Sdn Bhd. *	2,083	2,006	-	-
- MX Too Sdn. Bhd. *	5	21	-	-
- MESB Technology Sdn. Bhd. *	-	2	-	-
- Orlando Corporation Sdn. Bhd. *	216	289	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

34. RELATED PARTY DISCLOSURES (CONT'D)

34.2 Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year (Cont'd):-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase from a related party, MX Too Sdn. Bhd.	(21)	-	-	-
Royalty charged by related parties:		(3,329)		-
- MX Too Sdn. Bhd. *	(2,943)	(345)	-	-
- Milazo Pte. Ltd. *	(1,385)	-	-	-
Loan rendered to a subsidiary, PC Global Trends Sdn. Bhd.	-	-	(300)	-
Interest received from a subsidiary, PC Global Trends Sdn. Bhd.	-	-	(4)	-
Waiver of debt to a subsidiary, MESB Agriculture Sdn.Bhd.	-	-	-	(23)

* Companies in which certain directors have substantial financial interests.

34.3 Compensation of key management personnel

The remuneration paid to directors of the Company and its subsidiaries, who are the key management personnel of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	1,073	1,035	534	384
Post employment benefits	110	108	33	26

The outstanding amounts owing by/(to) the related parties will be settled in cash. No guarantees have been granted to or received from any related parties.

35. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors of the Group as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main business segments as follows:-

- (i) Trading segment – involved in the trading of leather products.
- (ii) Investment holding segment – involved in investment holding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Trading Segment RM'000	Investment Holding Segment RM'000	Group RM'000
2015			
Revenue			
Total revenue	86,795	-	86,795
Inter-segment revenue	(110)	-	(110)
External revenue	<u>86,685</u>	-	<u>86,685</u>
Results			
Segment results	5,707	(925)	4,782
Allowance of impairment loss written back	107	-	107
Gain on disposal of property and equipment	7	-	7
Interest income	202	381	583
Rental income	86	13	99
Bad debts written off	(738)	-	(738)
Realised loss on foreign exchange	(98)	-	(98)
Depreciation of property and equipment	(1,560)	(174)	(1,734)
Equipment written off	(200)	-	(200)
Rental of premises	(1,333)	-	(1,333)
Inventories written down	(147)	-	(147)
	<u>2,033</u>	<u>(705)</u>	<u>1,328</u>
Finance costs	(580)	(17)	(597)
Share of profit in an associate	-	1,199	1,199
Profit before taxation	1,453	477	1,930
Income tax expense	(1,100)	161	(939)
Consolidated profit after taxation	<u>353</u>	<u>638</u>	<u>991</u>
Assets			
Segment assets	<u>85,005</u>	<u>13,241</u>	<u>98,246</u>
Investment in an associate			<u>8,929</u>
Consolidated total assets			<u>107,175</u>
Liabilities			
Segment liabilities	23,422	654	24,076
Deferred tax liabilities	43	-	43
Provision for taxation	304	-	304
Consolidated total liabilities			<u>24,423</u>
Other segment items			
Investment in associate	-	8,929	8,929
Property and equipment	6,541	2,625	9,166
Other assets	500	40	540
Goodwill on consolidation	24,668	-	24,668
			<u>43,303</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	← Continuing Operations →			Discontinued Operations RM'000	Total Group RM'000
	Trading Segment RM'000	Investment Holding Segment RM'000	Total RM'000		
2014					
Revenue					
Total revenue	91,231	2,917	94,148	-	94,148
Inter-segment revenue	-	(2,917)	(2,917)	-	(2,917)
External revenue	91,231	-	91,231	-	91,231
Results					
Segment results	5,247	(297)	4,950	(75)	4,875
Allowance of impairment loss written back	45	-	45	-	45
Gain on disposal of property and equipment	10,308	-	10,308	-	10,308
Gain on disposal of sale non-current asset held for	-	3,217	3,217	-	3,217
Interest income	106	220	326	-	326
Rental income	143	19	162	-	162
Realised gain on foreign exchange	29	-	29	-	29
Allowance for impairment losses on receivables	(15)	-	(15)	-	(15)
Depreciation of property and equipment	(1,677)	(175)	(1,852)	-	(1,852)
Equipment written off	(236)	-	(236)	-	(236)
Rental of premises	(661)	-	(661)	-	(661)
Inventories written down	(132)	-	(132)	-	(132)
Finance costs	14,479	2,984	16,141	(75)	16,066
Share of profit in an associate	(908)	(17)	(925)	-	(925)
Profit before taxation	-	900	900	-	900
Income tax expense	12,249	3,867	16,116	(75)	16,041
Consolidated profit after taxation	(663)	(182)	(845)	-	(845)
	11,586	3,685	15,271	(75)	15,196

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	← Continuing Operations →			Discontinued Operations RM'000	Total Group RM'000
	Trading Segment RM'000	Investment Holding Segment RM'000	Total RM'000		
2014					
Assets					
Segment assets	80,595	14,328	94,923	-	94,923
Tax recoverable	-	156	156	-	156
					95,079
Investment in an associate					7,730
Consolidated total assets					102,809
Liabilities					
Segment liabilities	20,484	643	21,127	-	21,127
Deferred tax liabilities	43	-	43	-	43
Provision for taxation	269	-	269	-	269
Consolidated total liabilities					21,439
Other segment items					
Investment in associate	-	7,730	7,730	-	7,730
Property and equipment	5,504	2,794	8,298	-	8,298
Other assets	500	40	540	-	540
Goodwill on consolidation	24,668	-	24,668	-	24,668
					41,236

An analysis by geographical segment is not presented as the Group operates primarily in Malaysia.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		Segment
	2015 RM'000	2014 RM'000	
Customer A	20,851	22,326	Trading segment
Customer B	10,825	12,074	Trading segment

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

36. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Not later than one year	1,510	675
Later than one year but not later than five years	1,184	262
	<u>2,694</u>	<u>937</u>

37. CONTINGENT LIABILITY

	The Company	
	2015 RM'000	2014 RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	<u>15,109</u>	<u>16,930</u>

38. FOREIGN EXCHANGE RATE

The principal closing foreign exchange rate used for the translation of the Group's foreign currency balance at the end of the reporting period was as follows:-

	2015 RM	2014 RM
1 Brunei Dollar	<u>2.69</u>	<u>2.30</u>

39. CAPITAL COMMITMENT

	The Group	
	2015 RM	2014 RM
<u>Authorised And Contracted For</u>		
Purchase of a property	<u>1,935,000</u>	<u>-</u>

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) *Foreign Currency Risk*

The Group does not have any significant exposure to any foreign currency and hence is not exposed to foreign currency risk.

(ii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40.1(c) to the financial statements.

Interest rate risk sensitivity analysis

A 100 basis points strengthening/weakening in the interest rate as at the end of the reporting period would have immaterial impact on profit after taxation/equity. This assumes that all other variables remain constant.

(iii) *Equity Price Risk*

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 53% (2014 - 58%) of its trade receivables as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Brunei	67	37
Malaysia	14,889	12,776
	14,956	12,813

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2015				
Not past due	13,608	-	-	13,608
Past due:-				
- less than 3 months	1,016	-	-	1,016
- over 3 months	332	-	-	332
	14,956	-	-	14,956
2014				
Not past due	12,159	-	-	12,159
Past due:-				
- less than 3 months	624	-	-	624
- over 3 months	425	(316)	(79)	30
	13,208	(316)	(79)	12,813



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Contractual Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2015						
Trade payables		1,237	1,237	1,237	-	-
Other payables and accruals		3,226	3,226	3,226	-	-
Amount owing to related parties		4,005	4,005	4,005	-	-
Hire purchase payables	6.13	439	513	215	298	-
Term loans	6.56	880	951	417	534	-
Bankers' acceptances	5.36	13,858	13,858	13,858	-	-
Bank overdraft	8.10	371	371	371	-	-
		24,016	24,161	23,329	832	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Contractual Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2014						
Trade payables	-	929	929	929	-	-
Other payables and accruals	-	2,621	2,621	2,621	-	-
Hire purchase payables	5.57	647	746	327	419	-
Term loans	6.46	1,497	1,652	698	954	-
Bankers' acceptances	4.75	15,433	15,433	15,433	-	-
		21,127	21,381	20,008	1,373	-

The Company	Weighted Average Effective Interest Rate %	Contractual Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2015					
Other payables and accruals	-	430	430	430	-
Hire purchase payables	6.00	210	244	124	120
		640	674	554	120
2014					
Other payables and accruals	-	306	306	306	-
Hire purchase payables	6.00	317	368	124	244
		623	674	430	244



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less fixed deposits with licensed banks and cash and bank balances.

The debt-to-equity-ratio is not presented as the fixed deposits with licensed banks and cash and bank balances are in excess of the debts of the Group.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

40.3 Classification Of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
<u>Available-for-sale financial asset</u>				
Other investment	40	40	40	40
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	14,956	12,813	-	-
Other receivables and deposits	957	1,996	4	7
Amount owing by subsidiaries	-	-	317	18
Fixed deposits with licensed banks	17,461	16,730	8,042	7,741
Cash and bank balances	13,010	13,952	1,504	2,786
	<u>46,384</u>	<u>45,491</u>	<u>9,867</u>	<u>10,552</u>
Financial liability				
<u>Other financial liabilities</u>				
Trade payables	1,237	929	-	-
Other payables and accruals	3,226	2,621	430	306
Amount owing to a subsidiary	-	-	-	-
Amount owing to related parties	4,005	-	-	-
Bank borrowings	15,548	17,577	210	317
	<u>24,016</u>	<u>21,127</u>	<u>640</u>	<u>623</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information

Other than disclosed below, the fair values of the financial asset and financial liability maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

2015	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
Financial Asset								
Other investment	-	40	-	-	-	-	40	40
Financial Liability								
Hire purchase payables	-	-	-	-	447	-	447	439
Term loans	-	-	-	-	874	-	874	880
The Company								
Financial Asset								
Other investment	-	-	-	-	-	-	40	40
Financial Liability								
Hire purchase payables	-	-	-	-	210	-	210	210

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (Cont'd)

Other than disclosed below, the fair values of the financial asset and financial liability maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

2014	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
<u>Financial Asset</u>								
Other investment	-	40	-	-	-	-	40	40
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	668	-	668	647
Term loans	-	-	-	-	1,496	-	1,496	1,497
The Company								
<u>Financial Asset</u>								
Other investment	-	-	-	-	-	-	40	40
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	317	-	317	317

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (Cont'd)

The fair value of the above financial liabilities are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2015 %	2014 %	2015 %	2014 %
<i>Financial Liabilities</i>				
Hire purchase payables	6.13	5.57	6.00	6.00
Term loans	6.56	6.46	-	-

41. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- 41.1** On 1 July 2015, the Company disposed of its entire 51% equity interest in PC Global Trends Sdn. Bhd. to a third party for a total consideration of RM138,700. The loss arising from the disposal of the subsidiary is not expected to be significant to the Group and the Company. The disposal was completed before the date of this report.
- 41.2** On 15 July 2015, the Company entered into a Share Sale Agreement ("SSA-1") with a third party to dispose of its 40% equity interest in the associate, PDC Telecommunication Services Sdn. Bhd. representing 600,000 ordinary shares of RM1 each for a total sale consideration of RM9,000,000. The disposal has not been completed at the date of this report as the disposal is subjected to the fulfilment of certain conditions precedent in the SSA-1.
- 41.3** On 23 July 2015, the Company entered into another Share Sale Agreement ("SSA-2") with a third party to acquire the entire equity interest in Active Fit Sdn. Bhd., representing 2,500,000 ordinary shares of RM1 each for a total cash consideration of RM19,000,000. The acquisition which has not been completed at the date of this report is subject to the fulfilment of conditions precedent in the SSA-2.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

42. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT):-				
RESERVES	39,370	-	7,000	-
SHARE PREMIUM	-	5	-	5
CAPITAL RESERVE	-	37	-	37
RETAINED PROFITS	-	39,328	-	6,958
LONG-TERM BORROWINGS	1,237	-	-	-
HIRE PURCHASE PAYABLES	-	363	-	-
TERM LOANS	-	874	-	-
SHORT-TERM BORROWINGS	16,340	-	-	-
HIRE PURCHASE PAYABLES	-	284	-	-
TERM LOANS	-	623	-	-
BANKERS' ACCEPTANCES	-	15,433	-	-
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT):-				
REVENUE	91,231	91,250	-	-
COST OF SALES	33,728	33,796	-	-
GROSS PROFIT	57,503	57,454	-	-
OTHER INCOME	14,199	14,180	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES	29,761	29,693	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

43. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysia Institute of Accountants, as follows :-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits:				
- realised profits	28,417	29,272	6,392	6,958
- unrealised loss	(43)	(43)	-	-
	<u>28,374</u>	<u>29,229</u>	<u>6,392</u>	<u>6,958</u>
Total share of retained profits of associate:				
- realised profits	8,677	7,588	-	-
- unrealised loss	(408)	(518)	-	-
	<u>8,269</u>	<u>7,070</u>	<u>-</u>	<u>-</u>
	36,643	36,299	6,392	6,958
Add: Consolidation adjustments	<u>3,935</u>	<u>3,029</u>	<u>-</u>	<u>-</u>
	<u>40,578</u>	<u>39,328</u>	<u>6,392</u>	<u>6,958</u>



**LIST OF PROPERTIES
AS AT 31 MARCH 2015**

Location	Description/ Existing use	Tenure	Approximate Land/Built- up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2015 (RM'000)	Date of acquisition / revaluation*
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office	Leasehold expiring on 29/06/2087	17,835	26	2,501	21/05/2014*
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Office	Leasehold expiring on 09/06/2096	452	18	524	20/05/2014*

ANALYSIS OF SHAREHOLDINGS AS AT 23 JULY 2015

Authorised Share Capital	: RM100,000,000.00
Issued and Paid-up Share Capital	: RM42,000,000.00
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: 1 vote per ordinary shareholder on a show of hands 1 vote per ordinary share on a poll
Number of Shareholders	: 1,485

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders		No. of Shares	
		%		%
Less than 100	5	0.34	23	0.00
100 to 1,000	314	21.14	295,690	0.70
1,001 – 10,000	956	64.38	3,910,890	9.31
10,001 – 100,000	185	12.46	5,118,600	12.19
100,001 – less than 5% of issued shares	16	1.08	5,821,900	13.86
5% and above of issued shares	9	0.60	26,852,897	63.94
Total	1,485	100.00	42,000,000	100.00

Substantial Shareholders according to the Register of Substantial Shareholders

No.	Name	No. of Shares			
		Direct Interest	%	Indirect Interest	%
1.	Teoh Hwa Peng	12,071,899	28.74	9,125,000 ⁽¹⁾	21.73
2.	Angsana Inai Sdn Bhd	7,000,000	16.67	-	-
3.	Ihsan Bin Osman	3,238,500	7.71	-	-
4.	Thuraya Binti Hj Kassim	2,417,498	5.76	-	-
5.	Tan Sok Gim	2,125,000	5.06	19,071,899 ⁽¹⁾	45.41

(1) Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 6A(4) and/or 134(12)(c) of the Companies Act, 1965.

Directors' Shareholdings

Name of Directors	No. of Shares			
	Direct Interest	%	Indirect Interest	%
Teoh Hwa Peng	12,071,899	28.74	9,125,000 ⁽¹⁾	21.73
Tan Sok Gim	2,125,000	5.06	19,071,899 ⁽¹⁾	45.41
Ng Chee Leong	-	-	-	-
Saffie Bin Bakar	-	-	-	-
Tan Yew Kim	-	-	-	-
Yam Sing Lam @ Yam Seng Lam	-	-	-	-

(1) Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 6A(4) and/or 134(12)(c) of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS AS AT 23 JULY 2015 (CONT'D)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1	Angsana Inai Sdn Bhd	7,000,000	16.67
2	UOBM Nominees (Tempatan) Sdn Bhd UOBM For Teoh Hwa Peng (PBM)	6,797,800	16.19
3	Teoh Hwa Peng	5,274,099	12.56
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ihsan Bin Osman	2,424,900	5.77
5	Thuraya Binti Hj Kassim	2,417,498	5.76
6	Tan Sok Gim	1,762,000	4.20
7	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Siti Esa Binti AB Rahim	1,126,000	2.68
8	Sieh Kok Swee	928,000	2.21
9	Khoo Loon See	843,600	2.01
10	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ihsan Bin Osman	813,600	1.94
11	Sieh Kok Jiun @ Chea Kok Jiunn	489,100	1.16
12	Khoo Loon Im	450,000	1.07
13	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Poh Eng	301,100	0.72
14	Chen Win Sum	300,000	0.71
15	Lim Thiam Chai	239,100	0.57
16	Tan Sok Gim	225,901	0.54
17	Nor Azman Bin Mohd Yussof	217,000	0.52
18	Lee Chee Beng	163,100	0.39
19	Tey Ghee Kian	155,000	0.37
20	Ding Nyok Choo	146,200	0.35
21	Yong Sau Leng	146,000	0.35
22	Tan Sok Gim	137,099	0.33
23	Ng Kee Hong	109,000	0.26
24	Abdul Halim Bin Ismail	106,400	0.25
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kian Huat (E-Tai)	102,300	0.24
26	Leau Kim Pun @ Liau Kim Pun	98,000	0.23
27	Abdul Aziz Al-Akbar Bin Mohamed Noor	95,500	0.23
28	Wan Hisham Bin Wan Hamzah	94,000	0.22
29	Rafeah Binti Jaafar	93,000	0.22
30	Lee Soon Aun @ Lee Eng Soon	87,500	0.21
Total		33,142,797	78.93

ANNEXURE A

Mr Teoh Hwa Peng
No. 15 (Lot 463),
Jalan Salam 1,
Country Heights Damansara,
60000 Kuala Lumpur

Date : August 10, 2015

The Board of Directors
MESB Berhad
No 63, Jalan Tasik Selatan 8,
Bandar Tasik Selatan, Sungai Besi,
57000 Kuala Lumpur

Dear Sirs,

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs KPMG for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Crowe Horwath :

“THAT Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration.”

Yours faithfully,

.....
TEOH HWA PENG

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MESB

(B E R H A D)
(3 3 7 5 5 4 - D)

PROXY FORM

No. of shares held

I/We, _____ NRIC No./Passport No./Company No. _____
of _____

being a member/members of MESB Berhad hereby appoint _____
NRIC No./Passport No. _____ of _____

*and/or failing him/her _____ NRIC No./Passport No. _____ of _____

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 30 September 2015 at 9.30 a.m. and at any adjournment thereof.

Please indicate with (X) on how you want to cast your vote.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 March 2015.			
	Ordinary Business			
2.	To re-elect Mr Tan Yew Kim as a Director.	1		
3.	To re-elect Mr Ng Chee Leong as a Director.	2		
4.	To approve the Directors' fees in respect of the financial year ended 31 March 2015.	3		
5.	To appoint the Auditors of the Company.	4		
	Special Business			
6.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	5		
7.	Continuing in Office as Independent Non-Executive Director - Encik Saffie Bin Bakar.	6		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	7		

Dated this _____ day of _____ 2015

.....
Signature(s)/Common Seal of Shareholder(s)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy _____ %

Second named proxy _____ %

_____ 100 %

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy. In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

*Delete whichever is not applicable.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Act shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be 22 September 2015.

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AFFIX
STAMP

**THE SHARE REGISTRAR
MESB Berhad**

c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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