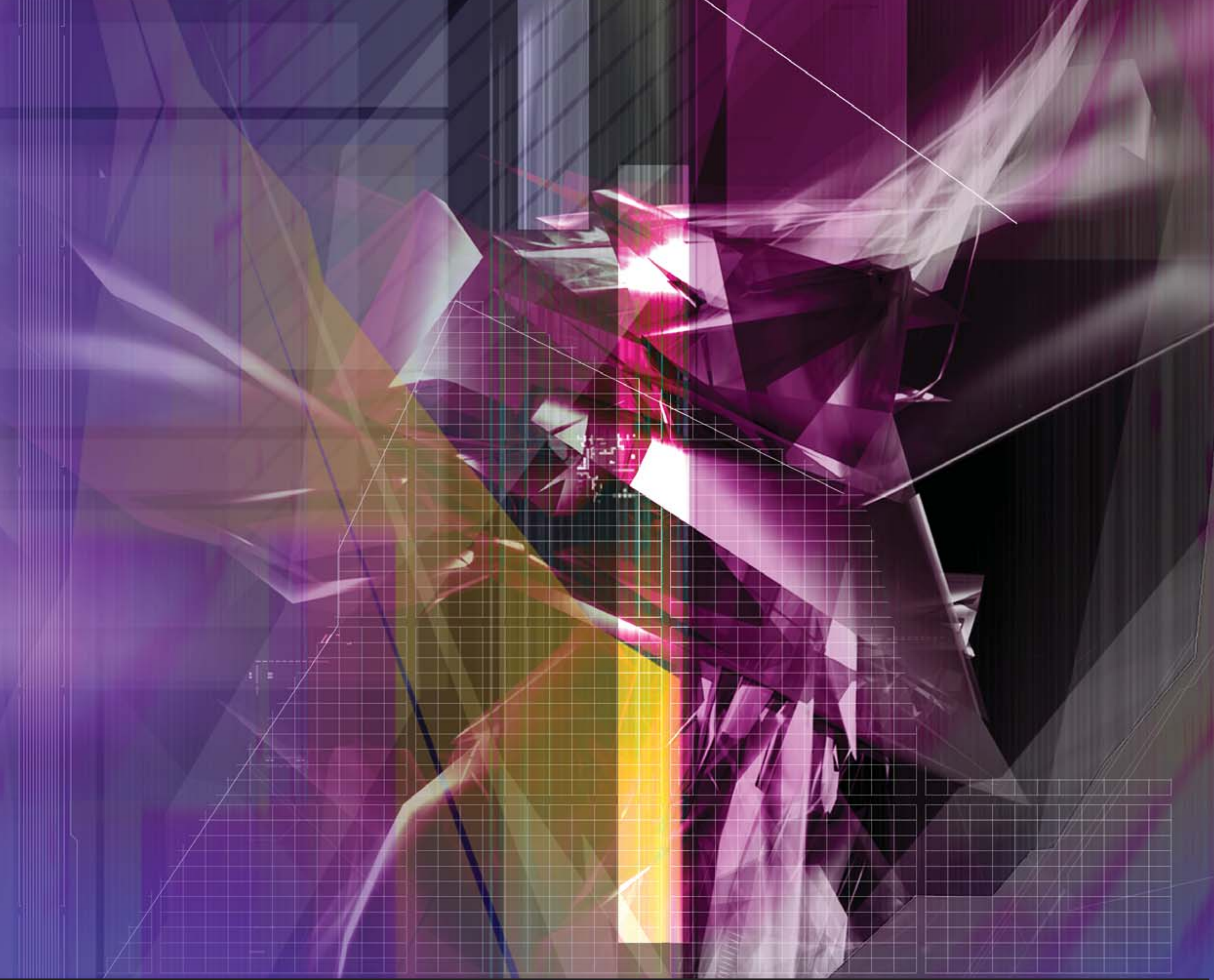
2011

LAPORAN TAHUNAN
ANNUAL REPORT



MESB
BERHAD

337554-D


www.miroza.com.my

CONTENTS

2011

NOTICE OF THE SIXTEENTH
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of **MESB BERHAD** will be held at Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 22 September 2011 at 9.30 a.m. for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 March 2011 together with the Reports of the Directors and Auditors thereon. — ***Please refer to Note A***

2. To re-elect the following Directors who are retiring pursuant to Article 78 of the Articles of Association of the Company:

   (i) Ng Chee Leong — ***Ordinary Resolution 1***
   (ii) Yam Kin Lum — ***Ordinary Resolution 2***

3. To approve the payment of Directors' fees amounting to RM108,000.00 for the financial year ended 31 March 2011. — ***Ordinary Resolution 3***

4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 4***

AS SPECIAL BUSINESS

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

5. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") AND PROPOSED NEW MANDATE FOR ADDITIONAL RRPT OF A REVENUE OR TRADING NATURE ("PROPOSALS")** — ***Ordinary Resolution 5***

   "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 involving the interests of the Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.3 of the Circular to Shareholders dated 26 August 2011, 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.

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 FURTHER THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things necessary (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposals."

By Order of the Board

LIM MING TOONG (MAICSA 7000281)
MASHARUM BINTI ABDUL WAHAB (MAICSA 7041619)
Company Secretaries

Kuala Lumpur
26 August 2011

NOTES:

A. 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.

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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. 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.

5. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6 Symphony House, Block D13, 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.

6. 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.

7. Explanatory Notes on Special Business:

   (i) **Ordinary Resolution 5**

   Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") and Proposed New Mandate for Additional RRPT of a Revenue or Trading Nature ("Proposals")

   Further information on the Proposals is set out in the Circular to Shareholders dated 26 August 2011 which is circulated together with the 2011 Annual Report of the Company.

CORPORATE Information

DIRECTORS

Saffie Bin Bakar
(Independent Non-Executive Director)

Ng Chee Leong *(Executive Director)*

Tan Yew Kim *(Independent Non-Executive Director)*

Yam Kin Lum *(Independent Non-Executive Director)*

Teoh Hwa Peng *(Executive Director)*

Teoh Wah Leong *(Executive Director)*

AUDIT COMMITTEE

Saffie Bin Bakar *(Independent Non-Executive Director / Chairman of Audit Committee)*

Yam Kin Lum *(Independent Non-Executive Director)*

Tan Yew Kim *(Independent Non-Executive Director)*

AUDITORS

Crowe Horwath
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 0000
Fax : 03-2166 1000

PRINCIPAL BANKERS

Malayan Banking Berhad

Public Bank Berhad

Malaysia Debts Venture Sdn Bhd

Standard Chartered Bank Malaysia Berhad

CIMB Bank Berhad

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
Block D13, Pusat Dagang Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8008

COMPANY SECRETARIES

Lim Ming Toong
(MAICSA 7000281)

Masharum Binti Abdul Wahab
(MAICSA 7041619)

STOCK EXCHANGE LISTING:

Main Market
Bursa Malaysia Securities Berhad
Sector: Trading/Services
Stock Code: 7234

MESB GROUP OF COMPANIES
Corporate Structure

MESB BERHAD (337554-D)

- 100% ▶ **MIROZA LEATHER (M) SDN BHD**
  242474-V
- 100% ▶ **MAINTENANCE ENGINEERING SDN BHD**
  10538-D
  - 100% ▶ **Crystal United Sdn Bhd**
    183473-U
- 100% ▶ **MESB DEVELOPMENT SDN BHD**
  (formerly known as Maintenance Engineering Works Sdn Bhd)
  197822-T
- 100% ▶ **MAINTENANCE CAPITAL & DEVELOPMENT SDN BHD**
  206455-X
- 100% ▶ **MESB AGRICULTURE SDN BHD**
  74056-K
- 55% ▶ **DYNAMIC COMMUNICATION LINK SDN BHD**
  368852-V

SAFFIE BIN BAKAR *Independent Non-Executive Director*

A Malaysian, aged 57, was appointed to the Board on 19 March 2004. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a B.A (Honours) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Admin.(D.P.A) from the Faculty of Economics and Administration, University of Malaya in 1978. In 1988, he obtained his Masters of Business Administration (M.B.A) from the U.S International University (USIU) in San Diego, California.

He is currently an Associate Member of Certified System Investigator (CSI) World Headquarters, Singapore. A Member of Malaysian Institute of Corporate Governance (MICG), Transparency International - Malaysia (T.I-M), Malaysia Crime Prevention Foundation (MCPF), a life member of Malaysian Drug Prevention Association, a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM), a Committee Member of Malaysian Exporters Association (MEXPA) and Co-Chairman of the Special Task Forces to Facillitate Business (PEMUDAH) for Perlis State.

He had undergone various 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 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. In addition he becomes Local Counterpart to the Regional Planning Advisor, the Industrial Project Advisor and the Infrastructure Project Advisor who are all World Bank experts.

He has had more than 33 years of management expertise especially in the areas of 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 Takeoves (RTOs), Mergers and Acquisitions (M&As) and General Offer (GO).

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

He is currently the Advisor to Shorubber (Malaysia) Sdn.Bhd.,a Japanese OBM manufacturer and exporter of industrial gloves. He is also a Director and Audit Committee Member of AE Multi Holdings Berhad (AEM), YEN Global Berhad, Perlis State Economic Development Corporation (SEDC) and a director cum corporate advisor of a number private limited companies.

TAN YEW KIM *Independent Non-Executive Director*

A Malaysian, aged 53, was appointed to the Board on 10 February 2010. He is a member of the Audit Committee and Nomination Committee.

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").

Currently, he is the senior partner of his own public accounting firm, Y.K. Tan, Lee & Associates., and holding directorship in few private limited companies.

Mr. Tan is also member of the committee of various associations and board of governor of two primary schools.

NG CHEE LEONG *Executive Director*

A Malaysian, aged 47, was appointed to the Board on 27 August 2008. He is a member of the Remuneration Committee.

He has more than 20 years experience in Men's fashion wear business and in consignment and retail industry. His experience is not restricted to the marketing and merchandising areas but envelop the whole business organizational and corporate development.

Presently he heads the Group's retailing division and instrumental in reorganizing the retailing division into profitable unit.

His experience in marketing started in the early 1990's when he joined a men's fashion company marketing the "Playboy" brand of men's wear in Malaysia. Subsequently he was promoted to Marketing Manager and was headhunted to join MCL Bhd as Marketing Director in charge of some eleven brands.

YAM KIN LUM *Independent Non-Executive Director*

A Malaysian, aged 63, was appointed to the Board on 24 February 2009. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He has more than 20 years of senior management expertise in medium to large size organization. He was engaged as the Financial Controller of Alor Setar Securities Sdn Bhd from June 1986 to June 1992 and was appointed as the Group Admin. and Finance Director of MCL Corporation Berhad, a company which was listed on the Second Board of Bursa Malaysia Securities Berhad. He joined Ike Marketing Sdn Bhd as the Chief Executive Officer from May 2003 to March 2006 and was then attached to Pecca Leather Sdn Bhd as the Group Finance Manager from October 2006 to May 2008.

From the middle of the year 1998 to 2003, he was engaged in the provision of consultancy and advisory services in areas of corporate and administrative restructuring, grooming of small and medium enterprises for growth in business and listing in the exchange, providing services in negotiations of purchase or sale of businesses and preparation of business write-up for specified purposes.

TEOH HWA PENG *Executive Director*

A Malaysian, aged 44, was appointed to the Board on 22 June 2006.

He started his career in the leather industry more than 20 years ago by setting up a factory in the 1980's in manufacturing leather for third party brands in Malaysia and overseas. Following the success of this factory and generally accredited as a manufacturer of high quality goods, he went on to set up Miroza Leather (M) Sdn Bhd ("MLSB") in 1992. MLSB manufactures and markets internationally renowned brands under exclusive licensing such as Pierre Cardin, Pierre Balmain, Alain Delon and MLSB also develops and markets its own house brand "Giossardi".

Years of experience have honed his knowledge of leather and its properties, and his entrepreneurial skills have enabled him to strengthen the existing business in leather accessories both in Malaysia and overseas such as Thailand, Vietnam, Indonesia and China. Under his leadership and guidance, MLSB has emerged as a market leader in the retail industry.

He spearheads the Group's growth and he is responsible for formulating and implementation of the strategies goals and objectives of the Group. He also holds directorships in numerous private limited companies in Malaysia involving in various businesses.

TEOH WAH LEONG *Executive Director*

A Malaysian, aged 40, was appointed to the Board on 24 November 2006.

He received his early education in Arau, Perlis followed by secondary education in Alor Setar, Kedah. Thereafter he studied Law in University Malaya and was called to the bar in 1996.

After a stint in CK Lee & Associates he joined numerous private companies involving in manufacturing and fittings automotive leather seat covers, retailing in leather products as senior management member and directors. During his tenure with these companies, he had successfully acquired the license to manufacture and market international high quality leather products and developed own brands and marketing networks.

He also formulated and structured all contracts and agreements on behalf of Miroza Leather (M) Sdn Bhd ("MLSB"). Subsequently, he was transferred to Roncato Sdn Bhd ("Roncato") in 2000, a tourist oriented specialty shop to stabilize the business in the face of the Asian SARS crisis. He also streamlined the operations and management of Roncato and further strengthened Roncato's market position and competitiveness.

Following his success in Roncato, he turned his attentions to MRZ Car Seat Sdn Bhd ("MRZ Car Seat"), a company that specializes in the fitting of automotive leather seat covers for the domestic aftermarket.

He then focused on Pecca Leather Sdn Bhd ("Pecca Leather"). He helped to secure several contracts with the Malaysian OEMs (Original Equipment Manufacturer) and expanded into the export market. Pecca Leather currently operates in the USA with offices in Los Angeles and Tennessee and is also active in Europe, Middle East and Singapore.

He is currently the Managing Director of Fortson Sdn Bhd, involving in property development.

Within the diverse range of his experience, his strengths lies in management, setting up teams, marketing and establishing and focusing company direction.

Notes to the Directors' Profile:

1. **Family Relationship**

   Teoh Wah Leong and Teoh Hwa Peng are brothers. Teoh Hwa Peng is the spouse to Tan Sok Gim, both are major shareholders of the Company. Teoh Wah Leong is the brother-in-law to Tan Sok Gim.

   Save as disclosed above, the Directors do not have any family relationship with any Directors and/or major shareholders of the Company.

2. **Conviction of Offences**

   None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

3. **Conflict of Interest**

   Save for related party disclosures as disclosed under Note 41 to the Audited Financial Statements in this Annual Report and the Circular to Shareholders dated 26 August 2011, which is dispatched together with this Annual Report, the Directors have no conflict of interest with the Company and its subsidiaries.

4. **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 18 of this Annual Report.

5. **Directors' Shareholdings**

   The details of Directors' interest in securities of the Company are set out in the Analysis of Shareholdings on page 96 of this Annual Report.

6. **Directorship in other public companies**

   Save for Saffie Bin Bakar, none of the other directors hold any directorship in public companies.

The Board of Directors of MESB Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2011

COMPOSITION AND MEETINGS

As at the date of this Annual Report, the Audit Committee comprises three (3) Directors as follows:

Chairman

Saffie Bin Bakar - Independent Non-Executive Director

Members

Yam Kin Lum - Independent Non-Executive Director
Tan Yew Kim - Independent Non-Executive Director

During the financial year ended 31 March 2011, the Audit Committee met five (5) times. The attendance of the members of the Audit Committee is set out in table below:

Name of Audit Committee Chairman / Members	No. of meetings attended
Chairman	
Saffie Bin Bakar *(Independent Non-Executive Director)*	5/5
Members	
Yam Kin Lum *(Independent Non-Executive Director)*	5/5
Tan Yew Kim *(Independent Non-Executive Director)*	5/5

The Accountant and Company Secretary shall normally attend the Meeting. The Directors of subsidiaries may be invited to attend the meeting, where considered necessary. The external auditors attend the meetings at the invitation of the Audit Committee to review the audit plan, the audit report and the audited financial statement.

The agenda of the meetings and relevant information are distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

TERMS OF REFERENCE

Composition

(1) The Audit Committee shall be appointed from amongst the Board and shall:

(a) comprise no fewer than three (3) members who are Non-Executive Directors and a majority of whom are Independent Directors;

TERMS OF REFERENCE (cont'd)

Composition (cont'd)

(1) The Audit Committee shall be appointed from amongst the Board and shall: (cont'd)

(b) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;

(i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

(2) No alternate Director shall be appointed as a member of the Audit Committee.

(3) The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director.

(4) In the event of any vacancy with the result the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case, not later than three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

(5) The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Rights

In carrying out its duties and responsibilities, the Audit Committee shall:

(1) have authority to investigate any matter of the Company and the Group within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information, records and properties pertaining to the Group and all employees of the Group. All employees are required to assist and co-operate with any request made by the Committee;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(5) have the right to obtain legal or independent professional or other advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;

TERMS OF REFERENCE (cont'd)

Rights (cont'd)

(6) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

(7) promptly report to the Bursa Malaysia Securities Berhad, or such other name(s) as may be adopted by Bursa Malaysia Securities Berhad, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad;

(8) have the right to pass resolutions by a simple majority vote from the Audit Committee and that the Chairman shall have the casting vote should a tie arise;

(9) meet as and when required on a reasonable notice; and

(10) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

Duties

(1) To review with the external auditors on:

- (a) the audit plan, its scope and nature;
- (b) the audit report;
- (c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- (d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(2) To ensure coordination of audits where more than one audit firm is involved.

(3) To review the adequacy of the scope, functions, competency and resources of the internal audit function and the system of internal controls within the Group.

(4) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- a. changes in or implementation of major accounting policies and practices;
- b. significant and / or unusual matters arising from the audit;
- c. the going concern assumption;
- d. compliance with accounting standards and other legal requirements; and other major areas.

(5) To do the following in respect of the internal audit function:

- (a) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work;
- (b) review the internal audit plan and monitor its implementation;

TERMS OF REFERENCE (cont'd)

Duties (cont'd)

(5) To do the following in respect of the internal audit function: (cont'd)

(c) ensure the coordination of external audit with internal audit;

(d) review the results of the internal audit activity and investigations and Management's responses, and ensure that appropriate action is taken on the recommendations of the internal audit function; and

(e) consider the appointment and termination of the outsourced internal audit function and make an assessment of its performance.

(6) To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(7) To review the reports of the Management Committee in relation to the adequacy and integrity of the Group's corporate governance, risk management and internal control systems;

(8) To consider the major findings of internal investigations and Management's response;

(9) To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board of Directors;

(10) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the employees' share scheme, at the end of each financial year.

(11) To carry out other duties and responsibilities as may be agreed by the Audit Committee and the Board from time to time;

Meetings

(1) The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of Committee Members present at the meeting shall be Independent Directors.

(2) The Audit Committee may call for a meeting as and when required with reasonable notice as the Committee Members may deem fit.

(3) In addition to Audit Committee Members, the Executive Directors, Senior Management staff and the internal and external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. Other employees also attended the meetings upon the invitation of the Audit Committee.

(4) The Chairman shall, upon the request of the external auditors, convene a meeting for the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

TERMS OF REFERENCE (cont'd)

Meetings (cont'd)

(5) The internal and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

(6) The Audit Committee may establish any other regulations or procedures from time to time to govern its affairs and administration.

Secretary

(1) The Company Secretary or the approved person shall act as the Secretary to the Audit Committee.

(2) The Company Secretary or the approved person shall be responsible for the co-ordination of the administrative details, including the calling of meetings, the voting and proceedings of meetings and the keeping of minutes.

Minutes

(1) The Audit Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee.

(2) The minutes of each meeting shall be distributed to all members of the Audit Committee. These minutes shall also be made available to all members of the Board. The Chairman of the Audit Committee shall report on significant matters and resolutions determined at any Audit Committee meeting to the Board at the next Board meeting.

SUMMARY OF ACTIVITIES

During the financial year under review, the following activities were undertaken by the Audit Committee, including the deliberation on and review of:

(i) the unaudited quarterly financial statements 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.

(ii) the annual audited financial statements of the Group and of the Company and recommend it to the Board for approval before release to Bursa Securities and its shareholders.

(iii) the related party transactions to ensure that the transaction are fair and reasonable, and are not detrimental to the interests of minority shareholders.

(iv) the risk-based annual audit plan presented by the internal auditors to ensure adequate scope and coverage of the activities of the Group.

(v) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of the annual audit.

SUMMARY OF ACTIVITIES (cont'd)

(vi) the external auditors' report 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 internal audit reports, audit recommendations and implementation status of the recommendations.

(viii) the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval.

(ix) the Audit Committee Report and Statement on Internal Control for compliance with the Malaysian Code on Corporate Governance before recommending to the Board of Directors for approval.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external professional firm, which reports directly to the Audit Committee and assists the Board of Directors in monitoring the risks and reviewing the internal controls system to ensure sound internal control system as established and continue to function effectively and satisfactorily within the Group, after taking into consideration of the practicability of such control mechanism.

During the financial year under review, the audit fees and field work expenses incurred for the internal audit function were RM15,750.

The review carried out by Internal Audit team based on the approved audit plan during the financial year ended 31 March 2011:

- Reviewed the access and security measures of the subsidiary in safeguarding sensitive and confidential data and information;

- Reviewed the effectiveness of the internal controls in sales and marketing of the subsidiary;

- Considered major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken.

The Board of Directors ("the Board") of MESB is committed to ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board is pleased to set out below the Group in compliance with the recommendation of the principles and the best practices outlined in the Malaysian Code on Corporate Governance ("Code") and Paragraph 15.25 in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

DIRECTORS

The Board

The Group is led by an effective and experienced Board with members from different industry backgrounds possessing a wide range of expertise. The experience and the effective combination of existing technical knowledge is vital for the continual success of the Group.

The Board has overall responsibility for Corporate Governance amongst others which includes the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

Board Balance

As at the date of this Annual Report, the Board consists of 6 Directors of whom 3 are Independent Non-Executive Directors and 3 Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction of the Group. With a diversity of expertise from its executive and independent non-executive directors, the Board provides a good balance of accounting, financial and management expertise with strategic planning experience. The current Board composition fairly reflects the interests of minority shareholders.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operation, corporate affairs and developing the Group's business strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board.

There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

DIRECTORS (cont'd)

Board Meetings

The Board conduct at least four regularly scheduled meetings annually to coincide with the announcement of the Group's quarterly financial results. Ac-hoc meetings are convened as warranted by particular circumstances. The attendance of Directors at board meetings held in the financial year ended 31 March 2011 is as follows:

Name of Director	Designation	No. of Meetings Attended
Saffie Bin Bakar	Independent Non-Executive Director	7/7
Yam Kin Lum	Independent Non-Executive Director	7/7
Ng Chee Leong	Executive Director	7/7
Teoh Hwa Peng	Executive Director	7/7
Teoh Wah Leong	Executive Director	7/7
Tan Yew Kim	Independent Non-Executive Director	7/7

Supply of Information

The Board has unrestricted access to timely and adequate information, necessary in the furtherance of its duties. The Board is provided with detailed board papers in advance of each board meeting to ensure Directors are well informed and able to obtain further clarification from the Company Secretary as and when they arise. Whenever necessary, senior Management staff will be invited to attend, to brief and assist the Directors to clear any doubt or concern and Directors may consult with other employees and seek additional information as necessary.

Generally, the Board papers include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, recurrent related party transactions, acquisitions and disposal proposals, if any, updates from Bursa Securities, list of directors' resolutions passed and report the directors' dealings in securities, if any.

The Company Secretary or his agent/approved person is present at the board meetings, whenever such meetings are held in order to ensure that established procedures and regulations are complied with.

The Board has separate and independent access to the Management and the Company Secretary at all times. The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties at the Group's expense.

Appointments and Re-election of Directors

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee for consideration and approval by the Board.

In accordance with the Company's Articles of Association, 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 subject to re-election by rotation at each Annual General Meeting and that all Directors shall retire once at least in each three (3) years but shall be eligible for re-election.

DIRECTORS (cont'd)

Appointments and Re-election of Directors (cont'd)

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is no Director of the Company who is subject to such re-appointment.

Directors Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Board are encouraged to evaluate their own training needs on a regular basis and to determine the relevant programmes, seminar or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.

The Board of Directors were constantly updated by the Company Secretary during the Board meeting on various updates on regulatory and legal development, with intention of keeping the Director abreast with the regulatory and legal related developments.

During the financial year ended 31 March 2011, the following Director had attended the following training programme and seminar:-

Directors	Date of Course	Seminar / Course
Saffie Bin Bakar	7 April 2010	Audit Committee Institute Routable Discussion title: Going Forward: Risk & Reform - Implications for Audit Committee Oversight
	15 April 2010	MATRADE Workshop on Building Your Brand through Power Positioning
	28 April 2010	MATRADE Workshop on 12 Steps to Successful Exporting
	20 May 2010	SME Corp's Knowledge Sharing on Venture Capitals (VCs) Pitching and Short Pitch Session
	18 August 2010	MSWG Course on Corporate Valuation: What to Look for and Invest Smartly
	3 September 2010	IIAM evening talk on Financial Statement, Fraud & Role of Internal Auditor
	5 October 2010	MITI & DagangNet Workshop on Strategic Trade Act 2010 and Registration System Training
	14 October 2010	Seminar on on Strategic Trade Act 2010: Implications to Malaysian Industries
	2 March 2011	SSM Seminar on Public Sector Governance Awareness: A Closer Look Into Internal Control and Risk Management
	8 March 2011	MIDA National Domestic Investment Seminar
	24 March 2011	UniMAP Research Talk 2011: Essential Oils – Art, Science, Agriculture, Industry and Entrepreneurship: A Focus on the Asia Pacific Region

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

DIRECTORS (cont'd)

Board Committees

To facilitate effective execution of its function, the Board has established the following three (3) principal Board Committees to assist the Board in the discharge of its duties effectively:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. Nevertheless, the ultimate responsibility for the final decision on such matters lies with the Board.

(a) Audit Committee

The Board has established the Audit Committee to assist the Board in discharging its duties. The Audit Committee works closely with the external and internal auditors and maintain a transparent professional relationship with them.

The report of the Audit Committee is set out on pages 11 to 16 of this Annual Report.

(b) Nomination Committee

The current Nomination Committee has three (3) members and comprises exclusively of Independent Non-Executive Directors:

- Saffie Bin Bakar - Chairman, Independent Non-Executive Director
- Yam Kin Lum - Member, Independent Non-Executive Director
- Tan Yew Kim - Member, Independent Non-Executive Director (appointed on 21 July 2011)

The Nomination Committee assesses and makes recommendations to the Board for any appointments to the Board and Board Committees. In making these recommendations, the Nomination Committee reviews the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board.

(c) Remuneration Committee

The Remuneration Committee has three (3) members and comprises a majority of Non-Executive Directors:

- Saffie Bin Bakar - Chairman, Independent Non-Executive Director
- Yam Kin Lum - Member, Independent Non-Executive Director
- Ng Chee Leong - Member, Executive Director

The Remuneration Committee recommends to the Board the policy framework of executive remuneration and its cost, and the remuneration package for each executive Director. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

DIRECTORS (cont'd)

Directors' Remuneration

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge experience.

The Company has adopted the objective as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

During the financial year end, the aggregate remuneration of Directors are categorised as follows:-

(a) Total Remuneration

Category	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	65	569	-	634
Non-Executive Directors	72	25	-	97
Grand Total	137	594	-	731

(b) Directors' remuneration by bands:

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	1	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-

RELATIONSHIP WITH SHAREHOLDERS

Dialogue between the Company and Investors

The Group values dialogue with investors. Shareholders are kept well-informed of developments and the performance of the Group through announcements via the Bursa Link and the press as well as the Annual Report. The Annual Report contains all the necessary disclosures and other relevant information about the Group so that the shareholders can obtain a good understanding about the Group and its operations. Shareholders are also provided with timely information through circulars regarding any corporate developments that may impact shareholders' value.

RELATIONSHIP WITH SHAREHOLDERS (cont'd)

Dialogue between the Company and Investors (cont'd)

In addition, shareholders are encouraged to attend the annual general meetings ("AGM") held at convenient venue and appropriate time to ensure a high level of accountability. The AGM serves as the principal communication platform between the shareholders and the Board.

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive Directors and, where appropriate, the Chairman of the Audit, Nomination and Remuneration Committees are available to respond to shareholders' questions during the meeting. Where appropriate, the Board of Directors may provide the questioner with a written answer to any significant question that cannot be readily answered on the spot.

The Group also maintains a website, www.mesbbhd.com from which shareholders can access, provides all publicly announced financial information, corporate announcements and news.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors through the review by the Audit Committees and consultation with the External Auditors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required to prepare financial statements which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have taken measures to ensure that the Group and the Company keep accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have taken such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Internal Control

The Statement on Internal Control is set out on page 23.

Relationship with the External Auditors

The Board maintains a formal and transparent relationship with the Auditors through its Audit Committee. The role of the Audit Committee in relation to the external auditors is described on pages 11 to 16.

Introduction

Pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") of MESB Berhad is pleased to present its Statement of Internal Control for financial year ended 31 March 2011 which has been prepared in accordance with the statement on Internal Control: Guidance for Directors of Public Listed Companies.

Responsibility

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

However, the Board recognises that such a 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. 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.

Risk Management

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 Board scheduled meetings to ensure relevant decisions and actions in maintaining the level of risk at an acceptable level.

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.

The internal auditors adopt a risk-based approach in conducting audit procedures and assessing the effectiveness, adequacy and integrity of the internal control system on a periodic basis in line with the approved audit plan. Follow-up reviews are also conducted to ensure that the recommendations for improvement highlighted previously have been, or are being implemented by the management.

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 by the internal auditors on the state of the internal control system and reports 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.
- defined organisational structure with clear line of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- significant policies and procedures are adopted by key business processes / units to ensure accountabilities and controls.

Conclusion

The Board continues to take measures to strengthen the controls environment and framework. During the financial year, there were no major weaknesses in internal controls which resulted in material losses, contingencies or uncertainties.

The external auditors have reviewed the Statement on Internal Control and reported to the Board that it appropriately reflects the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

ADDITIONAL COMPLIANCE Information

1. UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the financial year ended 31 March 2011.

2. SHARE BUY-BACKS

During the financial year ended 31 March 2011, 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 2011, 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 2011.

6. NON-AUDIT FEES

There were non-audit fees of RM26,250 (2010: RM18,900) paid to the external auditors for reviewing the adoption of Financial Instruments : Recognition and Measurement.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the unaudited results for the financial year ended 31 March 2011 as announced on 23 May 2011, compared to the audited results for the financial year ended 31 March 2011. 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 2011.

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 41 of the financial statements, there were no other material contracts entered into by the Company and/or it subsidiary companies which involved Directors' and major shareholders' interests, either still subsisting at the end of previous financial year or which were entered into since the end of the previous financial year.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt any revaluation policy on landed properties.

The Board of Directors of **MESB Berhad** is pleased to present the Annual Report and the audited financial statements of the Company and the Group for the financial year ended 31 March 2011.

FINANCIAL PERFORMANCE

The Group recorded a pre-tax profit of RM10.69 million as compared with last year's pre-tax profit of RM4.18 million. On the other hand, revenue has decreased from RM92.05 million to RM72.52 million. The improved performance was due mainly to higher profit achieved by the engineering division.

The net asset per share increased to 124 sen from 106 sen previously, while earnings per share improved to 18.63 sen per share as against last year of 1.88 sen per share.

DIVIDENDS

No dividend has been declared for the financial year ended 31 March 2011.

PROSPECTS

Despite the slackening of global growth economics that are affecting all industries negatively, the Group's Retailing business is an exception as the Malaysian retail industry is still largely local consumption driven and although the domestic market has not expended, our retail business showed better results because local competition has shrunk.

For Engineering Industry, the Group continued to face the challenge of higher costs of operations due to further high fuel price and materials prices escalation .

Barring any unforeseen circumstances, the Group is cautiously optimistic that coming year will remain positive and achieve healthy growth where retailing is concerned and engineering business will face stiff competition in biding new projects.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board recognizes the importance of the Group as a socially and environmentally responsible corporate citizen. The Group has from time to time, supported charitable causes and social welfare activities through participating in sponsorship, donation and various community events.

The Group is committed to conduct its business in a socially and environmentally responsible approach. The Group maintains the standards of occupational safety and health awareness programs for its employees and contractors.

In its awareness campaign on global warming and its mega effect in the future, the Group's employees are encouraged to minimize the usage of paper to reduce on environment through better and improved work ethics. In particular, areas such as improved energy conservation, recycling used papers and waste reduction.

ACKNOWLEDGEMENT

We wish to express our sincere gratitude and appreciation to the management and staff for their unwavering commitment, hard work and dedication throughout the years.

We would also like to extend our appreciation and thanks to our shareholders, valued customers, business associates, bankers and the authorities for their continued support and confidence in the Group.

Sincerely,
The Board of Directors

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 2011.

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	8,627	(9,961)
Attributable to:-		
Owners of the Company	7,826	(9,961)
Minority interests	801	-
	8,627	(9,961)

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.

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 adequate allowance had been made for impairment losses on receivables.

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 additional 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 liabilities of the Company are disclosed in Note 43 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.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 33 to the financial statements, 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
TEOH WAH LEONG
NG CHEE LEONG
YAM KIN LUM
TAN YEW KIM

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of Rm1 Each			
	At 1.4.2010	Bought	Sold	At 31.3.2011
THE COMPANY				
DIRECT INTERESTS				
TEOH HWA PENG	12,274,099	6,797,800	-	19,071,899#
NG CHEE LEONG	335,000	-	(335,000)	-
DEEMED INTEREST				
TEOH HWA PENG	701,000	1,361,100	-	2,062,100*

Held in own name and UOBM Nominees (Tempatan) Sdn Bhd
* *Deemed interest through spouse's shareholdings by virtue of Section 134(12)(C) of the Companies Act 1965 in Malaysia.*

By virtue of his interest in shares in the Company, Teoh Hwa Peng is deemed to have an interest in shares in the subsidiaries 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 did not have any interests in shares in the Company or its related corporations during the financial year.

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 related parties as disclosed in Note 41 to the financial statements.

DIRECTORS' BENEFITS (cont'd)

Neither during nor at the end of the financial year, was 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.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 21 JULY 2011

Teoh Hwa Peng

Ng Chee Leong

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 33 to 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, 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 21 JULY 2011

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 33 to 93 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 21 July 2011

Teoh Hwa Peng

Before me
Mohd Radzi Bin Yasin
No. W327
Commissioner for Oaths

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 2011 of the Group and of the Company, and the statements of 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 33 to 93.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and 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 Company'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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 as of 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 16 to the financial statements. The Group has not made further allowance for impairment losses on receivables in relation to the debts which are past due and remained outstanding at the date of this report as the Directors are of the opinion that the debts are recoverable.

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.

The supplementary information set out in Note 47 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

Lee Kok Wai
Approval No: 2760/06/12 (J)
Chartered Accountant

21 July 2011

Kuala Lumpur

	NOTE	THE GROUP 31.3.2011 RM'000	THE GROUP 31.3.2010 (Restated) RM'000	THE GROUP 1.4.2009 (Restated) RM'000	THE COMPANY 31.3.2011 RM'000	THE COMPANY 31.3.2010 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	44,488	59,589
Investment in an associate	6	3,852	2,586	2,273	660	660
Property, plant and equipment	7	26,401	29,347	31,417	-	-
Other investments	9	186	40	60	40	40
Intangible asset	10	22	28	34	-	-
Other assets	11	557	3,549	3,941	-	-
Goodwill on consolidation	12	24,668	24,668	24,616	-	-
		55,686	60,218	62,341	45,188	60,289
CURRENT ASSETS						
Inventories	13	11,704	10,423	21,422	-	-
Amount owing by contract customers	14	530	499	633	-	-
Trade receivables	15	11,770	16,676	21,133	-	-
Other receivables, deposits and prepayments	16	2,927	3,605	4,755	2	102
Amount owing by subsidiaries	17	-	-	-	-	788
Tax recoverable		212	288	439	-	-
Fixed deposits with licensed banks	18	3,958	4,932	11,433	-	-
Cash and bank balances		5,835	4,971	5,401	1	1
		36,936	41,394	65,216	3	891
TOTAL ASSETS		92,622	101,612	127,557	45,191	61,180

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

Statements Of Financial Position

at 31 March 2011 (cont'd)

		THE GROUP			THE COMPANY	
	NOTE	31.3.2011 RM'000	31.3.2010 (Restated) RM'000	1.4.2009 (Restated) RM'000	31.3.2011 RM'000	31.3.2010 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	19	42,000	42,000	42,000	42,000	42,000
Share premium	20	5	5	5	5	5
Capital reserve	21	37	37	37	37	37
Retained profits/ (Accumulated loss)		10,180	2,587	1,795	(2,173)	7,788
SHAREHOLDERS' EQUITY		52,222	44,629	43,837	39,869	49,830
MINORITY INTERESTS		2,870	2,267	3,870	-	-
TOTAL EQUITY		55,092	46,896	47,707	39,869	49,830
NON-CURRENT LIABILITIES						
Hire purchase payables	22	888	1,037	462	-	-
Term loans	23	8,023	13,911	19,259	-	-
Deferred tax liabilities	24	1,751	601	207	-	-
		10,662	15,549	19,928	-	-
CURRENT LIABILITIES						
Amount owing to contract customers	14	20	5,673	3,934	-	-
Trade payables	25	4,789	8,171	19,417	-	-
Other payables and accruals	26	8,646	6,971	5,739	421	379
Amount owing to a subsidiary	17	-	-	-	4,825	5,495
Amount owing to a director	27	76	5,476	6,376	76	5,476
Provision for taxation		323	28	565	-	-
Hire purchase payables	22	457	465	439	-	-
Term loans	23	4,558	4,576	5,297	-	-
Bankers' acceptances	28	7,687	7,396	15,881	-	-
Bank overdrafts	29	312	411	2,274	-	-
		26,868	39,167	59,922	5,322	11,350
TOTAL LIABILITIES		37,530	54,716	79,850	5,322	11,350
TOTAL EQUITY AND LIABILITIES		92,622	101,612	127,557	45,191	61,180
NET ASSETS PER SHARE (RM)	30	1.24	1.06			

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

STATEMENTS OF Comprehensive Income
for the financial year ended 31 March 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	31	72,524	92,046	8,150	-
COST OF SALES	2	(27,116)	(37,999)	-	-
GROSS PROFIT		45,408	54,047	8,150	-
OTHER INCOME		8,474	983	-	-
		53,882	55,030	8,150	-
SELLING AND DISTRIBUTION EXPENSES		(17,490)	(27,127)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(25,340)	(21,547)	(16,211)	(974)
FINANCE COSTS		(1,630)	(2,492)	-	(184)
SHARE OF PROFIT IN AN ASSOCIATE		1,266	313	-	-
PROFIT/(LOSS) BEFORE TAXATION	33	10,688	4,177	(8,061)	(1,158)
INCOME TAX EXPENSE	34	(2,061)	(2,144)	(1,900)	-
PROFIT/(LOSS) AFTER TAXATION		8,627	2,033	(9,961)	(1,158)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		8,627	2,033	(9,961)	(1,158)

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

Statements Of Comprehensive Income
for the financial year ended 31 March 2011 (cont'd)

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		7,826	792	(9,961)	(1,158)
Minority interests		801	1,241	-	-
		8,627	2,033	(9,961)	(1,158)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		7,826	792	(9,961)	(1,158)
Minority interests		801	1,241	-	-
		8,627	2,033	(9,961)	(1,158)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	35	18.63 sen	1.88 sen		
Diluted	35	Not applicable	Not applicable		

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

		← Attributable to Equity Holders of the Company →						
THE GROUP	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Capital Reserve RM'000**	**Retained Profits RM'000**	**Total RM'000**	**Minority Interests RM'000**	**Total Equity RM'000**
Balance at 1.4.2009		42,000	5	37	1,795	43,837	3,870	47,707
Disposal of a subsidiary		-	-	-	-	-	(2,844)	(2,844)
Total comprehensive income for the financial year		-	-	-	792	792	1,241	2,033
Balance at 31.3.2010/ 1.4.2010		42,000	5	37	2,587	44,629	2,267	46,896
- effect of adoption FRS139	3a(iii)	-	-	-	(233)	(233)	252	19
- as restated		42,000	5	37	2,354	44,396	2,519	46,915
Total comprehensive income for the financial year		-	-	-	7,826	7,826	801	8,627
Dividend paid by a subsidiary to minority interest		-	-	-	-	-	(450)	(450)
Balance at 31.3.2011		42,000	5	37	10,180	52,222	2,870	55,092
THE COMPANY								
Balance at 1.4.2009		42,000	5	37	8,946	50,988	-	50,988
Total comprehensive expenses for the financial year		-	-	-	(1,158)	(1,158)	-	(1,158)
Balance at 31.03.09/ 1.4.2010		42,000	5	37	7,788	49,830	-	49,830
Total comprehensive expenses for the financial year		-	-	-	(9,961)	(9,961)	-	(9,961)
Balance at 31.3.2011		42,000	5	37	(2,173)	39,869	-	39,869

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

STATEMENTS OF Cash Flows

for the financial year ended 31 March 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		10,688	4,177	(8,061)	(1,158)
Adjustments for:-					
Allowance for impairment losses on receivables		905	835	-	-
(Write-back of)/Allowance for foreseeable losses		(1)	64	-	-
Amortisation of intangible asset		6	6	-	-
Bad debts written off		100	-	100	-
Depreciation of property, plant and equipment		2,655	2,808	-	-
Equipment written off		2,488	522	-	2
Interest expense		1,630	2,492	-	184
Impairment loss on investment in subsidiaries		-	-	15,101	-
Unrealised loss on foreign exchange		62	-	-	-
Loss on disposal of a subsidiary		-	215	-	-
Gain on disposal of equipment		(8)	(453)	-	-
Dividend income		-	-	(8,150)	-
Interest income		(437)	(260)	-	-
Share of profit in an associate		(1,266)	(313)	-	-
Write-back of inventories written down		-	(7)	-	-
Operating profit/(loss) before working capital changes		16,822	10,086	(1,010)	(972)
Increase in inventories		(1,281)	(4,114)	-	-
Decrease/(Increase) in trade and other receivables		7,205	89	-	15
(Decrease)/Increase in trade and other payables		(1,098)	(6,322)	42	(110)
Net decrease in amount owing by contract customers		(5,684)	1,809	-	-
CASH FROM/(FOR) OPERATIONS		15,964	1,548	(968)	(1,067)
Income tax (paid)/refunded		(541)	(1,375)	(1,900)	-
Interest paid		(1,591)	(2,492)	-	(184)
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		13,832	(2,319)	(2,868)	(1,251)

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

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		13,832	(2,319)	(2,868)	(1,251)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Cash inflow from disposal of a subsidiary	36	-	6,767	-	-
Purchase of other investments		(146)	-	-	-
Proceeds from disposal of plant and equipment		8	497	-	-
Purchase of property, plant and equipment	37	(1,825)	(3,307)	-	-
Interest received		112	260	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,851)	4,217	-	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Redemption of Istisna' Medium					
Repayment to a director		(5,400)	(900)	(5,400)	(900)
Net advances from subsidiaries		-	-	118	2,151
Repayment of hire purchase obligations		(528)	(441)	-	-
Dividend from a subsidiary		-	-	8,150	-
Dividend paid to minority interests		(450)	-	-	-
Repayment of term loans		(5,906)	(5,200)	-	-
Increase/(Decrease) in bankers' acceptances		292	(425)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(11,992)	(6,966)	(2,868)	1,251
BALANCE CARRIED FORWARD		(11)	(5,068)	-	-

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

Statements Of Cash Flows
for the financial year ended 31 March 2011 (cont'd)

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD/NET DECREASE IN CASH AND CASH EQUIVALENTS		(11)	(5,068)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		9,492	14,560	1	1
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	9,481	9,492	1	1

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

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 8/146, 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 21 July 2011.

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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

3. BASIS OF PREPARATION (cont'd)

(a) FRSs and IC Interpretations (including the Consequential Amendments)

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS - 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

3. BASIS OF PREPARATION (cont'd)

(a) (ii) FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 45(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	NOTE	THE GROUP At 1.4.2010 RM'000
Retained profits		
Remeasurement of other receivables	(aa)	(95)
Remeasurement of trade receivables, retention monies	(bb)	(497)
Remeasurement of other payable	(cc)	359
		(233)
Minority Interest		
Remeasurement of other receivables	(aa)	(41)
Remeasurement of other payable	(bb)	293
		252

(aa) Prior to 1 April 2010, advances and deposits to other receivables were recorded at cost. With the adoption of FRS 139, these advances and deposits are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

(bb) Prior to 1 April 2010, retention monies were recorded at cost. With the adoption of FRS 139, these retention monies are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

(cc) Prior to 1 April 2010, deposits received from other payable were recorded at cost. With the adoption of FRS 139, these deposits are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

3. BASIS OF PREPARATION (cont'd)

(a) (iv) The Group has adopted the amendments made to FRS 117 Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has reclassified it as property and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

3. BASIS OF PREPARATION (cont'd)

(b) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

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

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 and the Company'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.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(i) Depreciation of Property, Plant and Equipment (cont'd)

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

The following factors could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised:

(a) changes in the expected level of usage;
(b) commercial factors; and
(c) approval by the authorities on the renewal and extension of the project management agreement.

(ii) 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.

(iii) 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.

(iv) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(v) 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.

(vi) Allowance for 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.

(vii) Impairment of Goodwill

Goodwill is 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 is 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.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2011.

A subsidiary is defined as an enterprise in which the Company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred and assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position of the Group, separately from the Company's equity holders, and are separately disclosed in the consolidated statement of comprehensive income of the Group. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(c) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually, and is written down for impairment where it is considered necessary. 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.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) 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.

(ii) 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) 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 plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(i) Financial Assets

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

- *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 Company's right to receive payment is established.

- *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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *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.

- *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.

(ii) Financial Liabilities

All financial liabilities are initially 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

(iii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) 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.

On the 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.

(g) Investments in Associates

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 investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2011. The Group's share of the post acquisition profit of the associate is included in the consolidated statement of comprehensive income and the Group's interest in associate is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

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.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the statement of comprehensive income.

(h) Property, Plant and Equipment

Property, plant 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.

The towers constructed under the project management is amortised from the date of completion of construction up to the year pursuant to the terms and conditions of the Project Management Agreement.

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:-

Buildings	2%
Leasehold land	80 to 99 years
Motor vehicles	20% - 30%
Office equipment, furniture and fittings	5% - 15%
Computers	50%
Renovation	10%
Site equipment and tools	20% - 30%

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment (cont'd)

The capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. The capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period 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, plant 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, plant 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, plant 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.

(i) Impairment

(i) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment (cont'd)

(i) Impairment of Financial Assets (cont'd)

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 investment 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.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 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 valueinuse, 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. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis over the period of their useful lives.

(l) Inventories

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average 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.

(m) Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost comprises materials, cost of labour, direct expenses and applicable overheads.

(n) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) 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.

(o) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant 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.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) 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.

(r) 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 .

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.

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.

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 is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax 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. The carrying amounts of deferred tax assets are reviewed at each end of the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) 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.

(t) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(u) Contingent Liabilities and Contingent Assets

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.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Revenue Recognition

(i) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on:-

(a) the survey of work performed;

(b) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or

(c) completion of a physical proportion of the contract works;

whichever is applicable.

(ii) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns.

(iii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iv) Project Management Fee

Project management fee is recognised on an accrual basis.

(v) Rental Income

Rental income is recognised on an accrual basis.

(vi) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	59,589	59,589
Accumulated impairment losses:-		
At 1 April 2010/2009	-	-
Addition during the financial year	(15,101)	-
At 31 March 2011/2010	(15,101)	-
	44,488	59,589

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

Name of Company	Effective Equity Interest 31.3.2011	Effective Equity Interest 31.3.2010	Principal activities
Maintenance Engineering Sdn. Bhd. ("ME")	100%	100%	Supply of engineering equipment, spare parts and tools and undertaking engineering and construction projects.
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
Maintenance Capital & Development Sdn. Bhd.	100%	100%	Investment holding.
Crystal United Sdn. Bhd. *	100%	100%	Investment holding.
MESB Development Sdn. Bhd.	100%	100%	Dormant.
MESB Agriculture Sdn. Bhd. ("MASB")	100%	100%	Dormant.
Dynamic Communication Link Sdn. Bhd. ("DCLSB")	55%	55%	Project management.

* - *Held through ME.*

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	3,192	1,926	-	-
	3,852	2,586	660	660

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

Name of Company	Effective Equity Interest 2011	Effective Equity Interest 2010	Principal activities
PDC Telecommunication Services Sdn. Bhd. ("PDC")	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

The summarised financial information on the associate is as follows:-

	2011 RM'000	2010 RM'000
Assets and Liabilities		
Total assets	14,006	11,964
Total liabilities	4,119	5,242
Results		
Revenue	7,317	4,773
Profit for the financial year	3,165	783

7. PROPERTY, PLANT AND EQUIPMENT

	As Previously Reported At 31.03.2010 RM'000	Effect Of Frs 117 RM'000	As Restated At 1.4.2010 RM'000	Transfers RM'000	Written Off RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.3.2011 RM'000
THE GROUP								
NET BOOK VALUE								
Freehold land and buildings	5,276	-	5,276	-	-	-	(113)	5,163
Leasehold land and building	2,212	2,180	4,392	-	-	-	(60)	4,332
Motor vehicles	1,368	-	1,368	-	-	391	(387)	1,372
Office equipment, furniture and fittings	1,161	-	1,161	-	(114)	41	(158)	930
Computers	63	-	63	-	-	79	(74)	68
Renovation	5,070	-	5,070	-	(2,374)	679	(624)	2,751
Telecommunication towers under project management agreement ^	11,921	-	11,921	83	-	795	(1,239)	11,560
Capital work-in-progress	96	-	96	(83)	-	212	-	225
Total	27,167	2,180	29,347	-	(2,488)	2,197	(2,655)	26,401

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	As Previously Reported At 31.03.2009 RM'000	Effect Of Frs 117 RM'000	As Restated At 1.4.2009 RM'000	Transfers RM'000	Written Off RM'000	Disposal Of Subsidiary	Additions RM'000	Disposals RM'000	Restated Depreciation Charge RM'000	Restated At 31.3.2010 RM'000
THE GROUP										
NET BOOK VALUE										
Freehold land and buildings	5,389	-	5,389	-	-	-	-	-	(113)	5,276
Leasehold land and building	2,896	2,537	5,433	-	-	(966)	-	-	(75)	4,392
Motor vehicles	448	-	448	-	-	(144)	1,436	(42)	(330)	1,368
Office equipment, furniture and fittings	3,039	-	3,039	-	-	(1,966)	457	-	(369)	1,161
Computers	278	-	278	-	(2)	(19)	35	(2)	(227)	63
Renovation	5,353	-	5,353	-	(520)	(58)	1,059	-	(764)	5,070
Site equipment and tools	25	-	25	-	-	-	-	-	(25)	-
Telecommunication towers under project management agreement ^	11,433	-	11,433	13	-	-	1,380	-	(905)	11,921
Capital work-in-progress	19	-	19	(13)	-	-	90	-	-	96
Total	28,880	2,537	31,417	-	(522)	(3,153)	4,457	(44)	(2,808)	29,347

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
THE GROUP			
At 31.3.2011			
Freehold land and buildings	5,869	(706)	5,163
Leasehold land and building	5,096	(764)	4,332
Motor vehicles	2,800	(1,428)	1,372
Office equipment, furniture and fittings	2,904	(1,974)	930
Computers	2,092	(2,024)	68
Renovation	3,385	(634)	2,751
Site equipment and tools	7,757	(7,757)	-
Telecommunication towers under project management agreement ^	15,784	(4,224)	11,560
Capital work-in-progress	225	-	225
	45,912	(19,511)	26,401
At 31.3.2010			
Freehold land and buildings	5,869	(593)	5,276
Leasehold land and building	5,096	(704)	4,392
Motor vehicles	2,462	(1,094)	1,368
Office equipment, furniture and fittings	3,308	(2,147)	1,161
Computers	2,013	(1,950)	63
Renovation	7,453	(2,383)	5,070
Site equipment and tools	7,757	(7,757)	-
Telecommunication towers under project management agreement ^	14,906	(2,985)	11,921
Capital work-in-progress	96	-	96
	48,960	(19,613)	29,347

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 1.4.2009 RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.20110 RM'000
THE COMPANY				
NET BOOK VALUE				
Computers	2	(2)	-	-

AT 31.3.2010	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
Computers	4	(2)	2

^ Based on the project management agreement, the Group will carry out and complete the design, construction, erection and commissioning and thereafter the repair and maintenance of the telecommunication towers for a third party and lease to various telecommunication service providers at agreed rates. The project management agreement commencing from 10 June 2005 covers a period of 10 years with an option to extend for another 5 years.

At the end of the reporting period :-

(a) the following assets were acquired under hire purchase terms:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Carrying amounts:-		
Motor vehicles	1,310	1,298
Office equipment, furniture and fittings	185	209
Computer	-	22
Renovation	286	324
	1,781	1,853

(b) the following assets have been pledged as security for bank borrowings granted to the Group:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Carrying amounts:-		
Freehold land and buildings	5,163	5,276
Leasehold land and building	4,332	4,392
	9,495	9,668

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2011	**2010**
	RM'000	**RM'000**
Long-term leasehold land, at cost:-		
At 1 April 2010/2009		
- at cost	1,625	1,985
- at valuation	909	909
	2,534	2,894
Disposal of a subsidiary	-	(360)
As previously reported	2,534	2,534
Effect of FRS 117	(2,534)	(2,534)
As restated at 31 March 2011/2010	-	-
Accumulated amortisation:-		
As previously reported	354	387
Disposal of a subsidiary	-	(33)
Effect of FRS 117	(354)	(354)
At 31 March 2011/2010	-	-

The Group has adopted the amendments made to FRS 117 Leases during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has reclassified it as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

9. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Club memberships, at fair value:-				
At 1 April 2010/2009	40	66	40	40
Additional	146	-	-	-
Disposal	-	(26)	-	-
At 31 March 2011/2010	186	40	40	40

The club memberships are held in trust by certain directors.

Upon adoption of FRS 139 during the financial year, the Group designated its investments in club membership that were previously measured using the cost model as available-for-sale financial assets.

10. INTANGIBLE ASSET

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
At cost	60	60
Less: Accumulated amortisation	(38)	(32)
	22	28

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Accumulated amortisation:-		
At 1 April 2010/2009	(32)	(26)
Charge for the financial year	(6)	(6)
At 31 March 2011/2010	(38)	(32)

The intangible asset represents the licence fee paid to a third party to operate the telecommunication towers for a period of 10 years.

11. OTHER ASSETS

These represent retention monies which are due and receivable after twelve months from the end of the reporting period, upon expiry of the warranty period of the relevant contracts.

12. GOODWILL ON CONSOLIDATION

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
At 1 April 2010/2009	24,668	24,616
Disposal of a subsidiary	-	52
At 31 March 2011/2010	24,668	24,668

Goodwill on consolidation arose from the acquisition of Miroza in the previous financial year.

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

Goodwill on consolidation has been allocated for impairment testing to the Group's cash-generating unit ("CGU") in Malaysia.

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.

12. GOODWILL ON CONSOLIDATION (cont'd)

The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a period of five years.

The key assumptions underpinning the value-in-use calculations are as follows:

Growth rate	5%
Discount rate	8.05%

Management determined the budgeted gross margin based on the past performance and its expectations of market development. The growth rate used is based on the past years' achievement and the expected contracts to be secured. The discount rate used is based on the borrowing rates.

13. INVENTORIES

	THE GROUP	
	2011 RM'000	2010 RM'000
Inventories held for trading:		
- at cost	11,605	10,187
- at net realisable value	99	236
	11,704	10,423

14. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2011 RM'000	2010 RM'000
Contract costs incurred to-date	32,564	90,706
Less : Allowance for foreseeable losses	(352)	(353)
Loss attributable to work performed to-date	(6,326)	(5,217)
	25,886	85,136
Less: Progress billings	(25,376)	(90,310)
Amount owing by contract customers	510	(5,174)
The amount owing comprise the following:-		
Amount owing by contract customers	530	499
Amount owing to contract customers	(20)	(5,673)
Amount owing to contract customers	510	(5,174)

15. TRADE RECEIVABLES

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Trade receivables	10,380	13,728
Less: Allowance for impairment losses	(1,397)	(792)
	8,983	12,936
Retention monies - due and receivable within twelve months	2,787	3,740
	11,770	16,676

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Allowance for impairment losses :-		
At 1 April 2010/2010	(792)	(792)
Charge during the financial year	(605)	-
At 31 March 2011/2010	(1,397)	(792)

The Group's normal trade credit terms range from cash terms to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables are the following:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Amounts owing by related parties:		
- Roncato Sdn. Bhd.	87	75
- Fook Cheong Trading	51	51
- MRZ Car Seat Sdn. Bhd.	4	27
	142	153

The foreign currency exposure profile of the trade receivables at the end of the reporting period is as follows:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Brunei Dollar	110	260
Vietnamese Dong	164	244

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables, deposits and prepayments	3,827	4,440	2	102
Less: Allowance for Impairment losses	(900)	(835)	-	-
	2,927	3,605	2	102
Allowance for impairment losses:-				
At 1 April 2010/2009	(835)	-	-	-
Addition during the financial year	(300)	(835)	-	-
Written off during the financial year	235	-	-	-
At 31 March 2011/2010	(900)	(835)	-	-

Included in the other receivable of the Group in the previous financial year was an amount of RM387,000 owing by a related party, MX Too Sdn Bhd.

Included in the other receivables of the Group is an amount of RM2,561,000 (2010 - RM2,294,000) owing by a minority shareholder of which approximately RM1,737,000 has been outstanding for more than 2 years. An allowance for impairment losses of RM900,000 (2010 - RM600,000) has been made in respect of the balance. The directors are of the opinion that no further allowance for impairment losses on receivables is required as the Group is confident of receiving full settlement on the outstanding balance from the minority shareholder.

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amount owing by the subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount owing to a subsidiary consists of the following:-

	THE COMPANY	
	2011 RM'000	2010 RM'000
Interest bearing	-	(3,685)
Non-interest bearing	(4,825)	(1,810)
	(4,825)	(5,495)

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash. The interest bearing portion in the previous financial year bore an effective interest rate at 5.00% per annum.

18. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks for banking facilities granted to the Group. The weighted average effective interest rate of the fixed deposits at the end of the reporting period was 2.61% (2010 - 2.01%) per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (2010 - 1 month to 12 months).

19. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2011	**2010**	**2011**	**2010**
	Number Of Shares			
ORDINARY SHARES OF RM1 EACH:-	**'000**	**'000**	**RM'000**	**RM'000**
AUTHORISED	100,000	100,000	100,000	100,000
ISSUED AND FULLY PAID-UP	42,000	42,000	42,000	42,000

20. SHARE PREMIUM

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

21. 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 option were implemented on 14 December 2004 and expired on 13 December 2009.

22. HIRE PURCHASE PAYABLES

	THE GROUP	
	2011	**2010**
	RM'000	**RM'000**
Minimum hire purchase payments:		
- not later than one year	515	534
- later than one year but not later than five years	1,019	1,159
	1,534	1,693
Less: Future finance charges	(189)	(191)
Present value of hire purchase payables	1,345	1,502

22. HIRE PURCHASE PAYABLES (cont'd)

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
The net hire purchase payables are repayable as follows:-		
Current:		
- not later than one year	457	465
Non-current:		
- later than one year and not later than five years	888	1,037
	1,345	1,502

The hire purchase payables of the Group are subject to a weighted average effective rate of 5.78% (2010 - 5.97%) per annum.

23. TERM LOANS

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Current portion:		
- repayable within one year	4,558	4,576
Non-current portion:		
- repayable between one to two years	2,772	4,606
- repayable between two to five years	4,979	8,573
- repayable after five years	272	732
	8,023	13,911
	12,581	18,487

23. TERM LOANS (cont'd)

Details of the term loans outstanding 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 2011 RM'000	2010 RM'000
1	120	3,153	October 2004	113	141
2	120	41,429	February 2006	2,252	2,564
3	120	6,929	January 2007	370	423
4	36	12,463	August 2008	51	180
5	78	192,016	December 2008	8,028	11,659
6	36	161,401	March 2009	1,767	3,520
				12,581	18,487

The term loans outstanding of the Group at the end of the reporting period are subject to a weighted average effective rate of 7.30% (2010 - 7.23%) per annum and are secured by:-

(i) a first legal charge over the freehold and leasehold buildings of the Group;

(ii) a first debenture incorporating a fixed and floating charge over all the present and future assets and undertaking of a subsidiary;

(iii) a first party deed of assignment of all contract proceeds from telecommunication companies;

(iv) a first party assignment of all the rights, benefits, proceeds from/under all insurance policies over the telecommunication towers;

(v) a pledge of certain fixed deposits of the Group;

(vi) a joint and several guarantee of the director of the subsidiary and a person connected to the director; and

(vii) a corporate guarantee of the Company.

24. DEFERRED TAX LIABILITIES

	THE GROUP	
	2011	2010
	RM'000	RM'000
At 1 April 2010/2009	601	207
Disposal of a subsidiary	-	(119)
Recognised in profit or loss (Note 34)	1,150	513
At 31 March 2011/2010	1,751	601

The deferred tax liabilities are attributable to the following:-

	2011	2010
	RM'000	RM'000
Accelerated capital allowances over depreciation	2,707	1,998
Unutilised tax losses	(933)	(1,374)
Unabsorbed capital allowances	(23)	(23)
	1,751	601

No deferred tax assets is recognised on the above items

25. TRADE PAYABLES

	THE GROUP	
	2011	2010
	RM'000	RM'000
Trade payables	4,450	7,583
Retention monies	339	588
	4,789	8,171

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

Included in the trade payables and accruals of the Group is an amount of RM315,626 owing to a related party, MX Too Sdn Bhd. The trade amount owing is subject to normal trade credit terms ranging from 30 to 120 days. The amount owing is to be settled in cash.

26. OTHER PAYABLES AND ACCRUALS

Included in the other payables in the previous financial year of the Group was an amount of RM473,387 owing to a related party, Roncato Sdn Bhd. The amount owing was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

27. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represented the balance of the consideration payable for the acquisition of Miroza in the previous financial years. The amount owing was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

28. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group are subject to a weighted average effective rate of 4.28% (2010 - 3.52%) per annum at the end of the reporting period and are secured by:-

(i) legal charges over the freehold and leasehold buildings of the Group;

(ii) a fixed and floating charge over the assets of a subsidiary, both present and future;

(iii) a pledge of the fixed deposits of the Group;

(iv) a joint and several guarantee of the director of the subsidiary and a person connected to the director; and

(v) a corporate guarantee of the Company and a third party.

29. BANK OVERDRAFTS

The bank overdrafts are subject to an effective interest rate of 8.05% (2010 - 7.55%) per annum at the end of the reporting period and are secured in the same manner as the bankers' acceptances disclosed in Note 28 to the financial statements.

30. NET ASSETS PER SHARE

The net assets per share was calculated based on the Group's net assets value at the end of the reporting period of RM52,222,000 (2010 - RM44,629,000) divided by the number of ordinary shares in issue at the end of the reporting period of 42,000,000 (2010 - 42,000,000).

31. REVENUE

Details of revenue are as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Engineering contracts	2,645	3,793	-	-
Trading	63,042	81,820	-	-
Dividend from a subsidiary	-	-	8,150	-
Project management fee	6,819	6,410	-	-
Rental	18	23	-	-
	72,524	92,046	8,150	-

32. COST OF SALES

Details of cost of sales are as follows:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Engineering contracts	2,119	5,662	-	-
Trading	22,936	30,156	-	-
Project management fee	2,009	2,133	-	-
Rental	52	48	-	-
	27,116	37,999	-	-

33. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on				
- trade receivables	605	-	-	-
- other receivables	300	835	-	-
Allowance for foreseeable losses	-	64	-	-
Amortisation of intangible asset	6	6	-	-
Audit fee:				
- for the financial year	72	77	22	19
- (over)/underprovision in the previous financial year	(2)	(17)	-	-
Bad debts written off	100	-	100	-
Depreciation of property, plant and equipment	2,655	2,808	-	-
Directors' fees	137	189	108	143
Directors' non-fee emoluments	595	688	373	423
Equipment written off	2,488	522	-	2
Hire of machinery and vehicles	23	2	-	-
Impairment loss on investment in subsidiaries	-	-	15,101	-

33. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- advances from a subsidiary	-	-	-	184
- bank overdrafts	59	77	-	-
- bankers' acceptances	317	602	-	-
- hire purchase	77	61	-	-
- term loans	1,138	1,745	-	-
- others	39	7	-	-
Loss on disposal of a subsidiary	-	215	-	-
Loss of foreign exchange				
- realised	209	100	-	-
- unrealised	62	-	-	-
Rental of land	657	631	-	-
Rental of premises	970	2,462	-	-
Staff costs	12,620	13,649	23	-
Gain on disposal of equipment	(8)	(453)	-	-
Interest income				
- fixed deposit	(112)	(260)	-	-
- other	(325)	-	-	-
Rental income	(349)	(397)	-	-
Gain on realised foreign exchange	(125)	-	-	-
Write-back of inventories written down	-	(7)	-	-
Write-back of foreseeable losses	(1)	-	-	-
Compensation received on insurance claim	(7,429)	-	-	-

34. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the financial year	1,039	1,634	1,900	-
- overprovision in the previous financial year	(128)	(3)	-	-
	911	1,631	1,900	-
Deferred taxation (Note 24):				
- for relating to origination and reversal of temporary differences	780	657	-	-
- under/(over)provision in the previous financial year	370	(144)	-	-
	1,150	513	-	-
	2,061	2,144	1,900	-

34. INCOME TAX EXPENSE (cont'd)

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	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before taxation	10,688	4,177	(8,061)	(1,158)
Tax at the statutory tax rate of 25%	2,672	1,044	(2,015)	(290)
Tax effects of:-				
Share of result in associate	(317)	-	-	-
Non-taxable gains	-	(32)	(137)	-
Non-deductible expenses	969	907	4,052	290
Deferred tax assets not recognised during the financial year	-	837	-	-
Utilisation of previously unrecognised deferred tax assets	(1,505)	(465)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	(128)	(3)	-	-
- deferred tax	370	(144)	-	-
Tax for the financial year	2,061	2,144	1,900	-

Subject to agreement with the tax authorities, at the end of the reporting period, the Company has unutilised tax losses and unabsorbed capital allowances available to be carried forward for offset against future taxable business income as follows:-

	2011	**2010**
	RM'000	**RM'000**
Unutilised tax losses	12,043	17,962
Unabsorbed capital allowances	77	77
	12,120	18,039

No deferred tax assets are recognised in the statement of financial position for the following items:-

	2011	**2010**
	RM'000	**RM'000**
Accelerated capital allowances	(100)	-
Unutilised tax losses	12,043	17,962
Unabsorbed capital allowances	77	77
	12,020	18,039

35. EARNINGS PER SHARE

Basic earnings per share is arrived at by dividing the Group's profit attributable to equity holders of the Company of RM7,826,000 (2010 - RM792,000) by the number of ordinary shares in issue during the financial year of 42,000,000 (2010 - 42,000,000).

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

36. DISPOSAL OF A SUBSIDIARY

The effects of the disposal of the subsidiary on the Group's financial statements in the previous financial year were as follows:-

(a) Effects on Consolidated Statement of Comprehensive Income

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

	THE GROUP 2010 RM'000
Revenue	28,228
Cost of sales	(9,748)
Gross profit	18,480
Other income	36
Selling and distribution expenses	(12,709)
Administrative and other operating expenses	(1,678)
Finance cost	(264)
Profit before taxation	3,865
Income tax expense	(966)
Profit after taxation	2,899

36. DISPOSAL OF A SUBSIDIARY (cont'd)

(b) Effects on Consolidated Financial Position

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

	THE GROUP 2010 RM'000
Property, plant and equipment	2,826
Prepaid land lease payments	327
Other investment	20
Inventories	15,120
Trade and other receivables	5,075
Cash and bank balances	4,345
Deferred taxation	(119)
Trade and other payables	(3,692)
Provision for taxation	(642)
Term loan	(869)
Hire purchase payables	(108)
Bankers' acceptances	(8,060)
Fair value of net assets disposed	14,223
Goodwill	(52)
Minority interest	(2,844)
Share of group's assets	11,327
Loss on disposal	(215)
Sale proceeds from disposal of a subsidiary, net of incidental cost	11,112
Cash and bank balances	(4,345)
Cash flow on disposal of a subsidiary	6,767

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Cost of property, plant and equipment purchased	2,197	4,457
Amount financed through hire purchase	(372)	(1,150)
Cash disbursed for the purchase of property, plant and equipment	1,825	3,307

38. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks (Note 18)	3,958	4,932	-	-
Cash and bank balances	5,835	4,971	1	1
Bank overdrafts (Note 29)	(312)	(411)	-	-
	9,481	9,492	1	1

39. DIRECTORS' REMUNERATION

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	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors:				
- salaries and allowances	569	671	354	406
- fees	65	103	36	57
- estimated money value of benefits-in-kind	-	18	-	-
	634	792	390	463
Non-executive directors:				
- allowances	25	17	19	17
- fees	72	86	72	86
	97	103	91	103
	731	895	481	566

39. DIRECTORS' REMUNERATION (cont'd)

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in the bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY Number Of Directors			
	2011		2010	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	-	3	-	4
RM50,001-RM100,000	-	-	1	-
RM100,001-RM150,000	1	-	1	-
RM200,001-RM250,000	1	-	1	-
RM300,001-RM350,000	1	-	1	-

40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee 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 3 main business segments as follows:-

(i) Engineering and construction - involved in the supply of engineering equipment, spare parts and tools and undertaking engineering and construction projects. The segment also engaged in project management, undertaking engineering and construction projects.

(ii) Trading segment - involved in the trading in leather.

(iii) Investment holding segment - involved in the investment holding.

40. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS

	Engineering And Construction Segment RM'000	Trading Segment RM'000	Investment Holding Segment RM'000	Group RM'000
2011				
Revenue				
External revenue	9,464	63,042	18	72,524
Inter-segment revenue	932	-	8,234	9,166
	10,396	63,042	8,252	81,690
Adjustments and eliminations				(9,166)
Consolidated revenue				72,524
Results				
Segment results	10,810	1,740	(1,498)	11,052
Finance costs				(1,630)
Share of results in associate				1,266
Income tax expense				(2,061)
Profit after taxation				8,627
Assets				
Segment assets	25,690	58,401	4,467	88,558
Investment in an associate				3,852
Tax recoverable				212
Consolidated total assets				92,622
Liabilities				
Segment liabilities	16,520	18,423	513	35,456
Deferred taxation liabilities				1,751
Provision for taxation				323
Consolidated total liabilities				37,530
Other information				
Capital expenditure	1,399	793	5	2,197
Depreciation	1,507	1,086	62	2,655
	2,906	1,879	67	4,852

40. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	Engineering And Construction Segment RM'000	Trading Segment RM'000	Investment Holding Segment RM'000	Group RM'000
2010				
Revenue				
External revenue	10,203	81,820	23	92,046
Inter-segment revenue	2,146	316	105	2,567
	12,349	82,136	128	94,613
Adjustments and eliminations				(2,567)
Consolidated revenue				92,046
Results				
Segment results	958	6,672	(1,274)	6,356
Finance costs				(2,492)
Share of results in associate				313
Income tax expense				(2,144)
Profit after taxation				2,033
Assets				
Segment assets	31,659	62,475	7,190	101,324
Investment in an associate				2,586
Tax recoverable				288
Consolidated total assets				104,198
Liabilities				
Segment liabilities	25,424	22,794	5,869	54,087
Deferred taxation liabilities				601
Provision for taxation				28
Consolidated total liabilities				54,716
Other information				
Capital expenditure	2,237	2,220	-	4,457
Depreciation	1,124	1,620	64	2,808
	3,361	3,840	64	7,265

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

41. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, the Group and the Company have related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same Group of companies.

The balances at the end of the reporting period of the related parties are disclosed in the respective notes to the financial statements. The Group and the Company carried out the following transactions with the related parties during the financial year:

	THE GROUP		THE COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales to related parties:				
- Roncato Sdn Bhd. [(1)]	2,566	1,916	-	-
- Fook Cheong Trading [(2)]	-	1	-	-
Rental received/receivable from a related party:				
- MRZ Car Seat Sdn. Bhd.	50	50	-	-
Interest paid/payable to a subsidiary:				
- Miroza	-	-	-	184
Royalty paid/payable to a related party:				
- MX Too Sdn. Bhd. [(1)]	1,372	644	-	-
Key management personnel compensation:				
- short-term employee benefits	1,336	860	481	566

[(1)] *A company in which Teoh Hwa Peng and his spouse are directors and have substantial financial interests.*

[(2)] *A partnership in which a sibling of Teoh Hwa Peng has a substantial financial interest.*

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as bad and doubtful debts in respect of the amounts owing by the related parties.

42. OPERATING LEASE COMMITMENTS

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

	THE GROUP	
	2011 RM'000	2010 RM'000
Not later than one year	1,123	1,580
Later than one year but not later than five years	2,861	3,063
Later than five years	2,531	1,182
	6,515	5,825

43. CONTINGENT LIABILITIES

	THE COMPANY	
	2011 RM'000	2010 RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	23,277	38,840

A winding-up petition ("the Petition") was filed by a supplier in the Kuala Lumpur High Court in the previous financial year for a sum of RM7,282,757 inclusive interest of 1.5% per annum against ME, a wholly-owned subsidiary of the Company.

Subsequently, ME filed the Affidavits in Opposition to the Petition and the application to strike out the Petition. Eventually, the petition and the strike out application were withdrawn with no order as to costs during the financial year. As such the petition is no longer valid and has been struck off by the Honorable Court.

44. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent, unless otherwise stated) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	2011 RM'000	2010 RM'000
Brunei Dollar	2.30	2.34
100 Vietnamese Dong	0.01	0.02

45. 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.

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Brunei Dollar and Vietnamese Dong. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:-

	2011 RM'000	**2010 RM'000**
Trade receivables		
Brunei Dollar	110	260
Vietnamese Dong	164	71

Foreign currency risk sensitivity analysis:-

A 1% strengthening of the RM against the Brunei Dollar and Vietnamese Dong at the end of the reporting period would have immaterial impact on profit after taxation. This assumes that all other variables remain constant

(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 45(a)(iii) to the financial statements.

45. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest rate risk sensitivity analysis

A 25 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.

(ii) 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.

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	
	2011	**2010**
	RM'000	**RM'000**
Brunei Dollar	110	260
Vietnamese Dong	164	71
Malaysia	11,496	16,345
	11,770	16,676

45. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 March 2011 is as follows:-

THE GROUP	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
Not past due	8,158	-	-	8,158
Past due:-				
- less than 3 months	307	-	-	307
- 3 to 6 months	49	-	-	49
- over 6 months	4,812	(1,528)	(28)	3,256
	13,326	(1,528)	(28)	11,770

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 Groups 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.

45. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) 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 Rate %	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
2011						
Trade payables	-	4,789	4,789	4,789	-	-
Other payable and accruals	-	8,646	8,646	8,646	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	5.78	1,345	1,534	515	1,019	-
Term loans	7.30	12,581	13,408	4,823	8,308	277
Bankers' acceptances	4.28	7,687	7,687	7,687	-	-
Bank overdrafts	8.05	312	312	312	-	-
		35,436	36,452	26,848	9,327	277

45. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The Group	Weighted Average Effective Rate %	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
2010						
Trade payables	-	8,171	8,171	8,171	-	-
Other payable and accruals	-	6,971	6,971	6,971	-	-
Amount owing to a director	-	5,476	5,476	5,476	-	-
Hire purchase payables	5.96	1,502	1,693	534	1,159	-
Term loans	7.23	18,487	19,560	4,980	13,813	767
Bankers' acceptances	3.52	7,396	7,396	7,396	-	-
Bank overdrafts	7.55	411	411	411	-	-
		48,414	49,678	33,939	14,972	767

THE COMPANY	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2011			
Other payables and accruals	421	421	421
Amount owing to a subsidiary	4,825	4,825	4,825
Amount owing to a director	76	76	76
	5,322	5,322	5,322

45. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE COMPANY	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2010			
Other payables and accruals	379	379	379
Amount owing to a subsidiary	5,495	5,495	5,495
Amount owing to a director	5,476	5,476	5,476
	11,350	11,350	11,350

(b) 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 capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP 2011 RM'000	2010 RM'000
Hire purchase payables	1,345	1,502
Term loans	12,581	18,487
Trade payables	4,789	8,171
Other payables and accruals	8,646	6,971
Amount owing to a director	76	5,476
Bankers' acceptances	7,687	7,396
Bank overdrafts	312	411
	35,436	48,414
Less: Fixed deposits with licensed banks	(3,958)	(4,932)
Less: Cash and bank balances	(5,835)	(4,971)
Net debt	25,643	38,511
Total equity	52,076	44,629
Debt-to-equity ratio	0.49	0.86

45. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

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.

(c) Classification Of Financial Instruments

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Financial assets		
Available-for-sale financial assets		
Other investment at fair value	186	40
Loans and receivables financial assets		
Trade receivables	11,770	-
Other receivables and deposits	2,927	-
Other asset	557	-
Fixed deposits with licensed banks	3,958	-
Cash and bank balances	5,835	1
	25,047	1
Financial liabilities		
Other financial liabilities		
Hire purchase payables	1,345	-
Term loans	12,581	-
Bankers' acceptances	7,687	-
Trade payables	4,789	-
Other payables and accruals	8,646	421
Amount owing to a director	76	76
Amount owing to a subsidiary	-	4,825
Bank overdrafts	312	-
	35,436	5,322

45. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables and term loans is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amount of the bank borrowings approximated their fair values as these instruments bear interest rate at variable rates.

46. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the adoption to FRS 117-Leases as disclosed in Note 3(a)(iv) to the financial statements:-

	THE GROUP	
	As Restated RM'000	As Previously Reported RM'000
Statement of Financial Position (Extract) :-		
Property, plant and equipment	29,347	27,167
Prepaid land lease payments	-	2,180

47. 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 2011 RM'000	THE COMPANY 2010 RM'000
Total retained profits/(losses)		
- realised	8,801	(2,173)
- unrealised	(1,813)	-
	6,988	(2,173)
Total share of accumulated profit of associate :-		
- realised	4,045	-
- unrealised	(853)	-
	10,180	(2,173)

LIST OF Properties
as at 31 March 2011

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2011 (RM)
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office Date of acquisition : 19/1/1995 **(Note 1)**	Leasehold expiring on 29/06/2087	17,835	14	2,662,413
Lot No. 10 Jalan Perusahaan 1 Kawasan Perusahaan Beranang Selangor Darul Ehsan	Industrial land and building used as store Date of revaluation of land : 11/7/2006 **(Note 2)** - Building constructed in 2002.	Leasehold expiring on 09/10/2099	117,177/ 10,040	8	1,669,334
Lot 655 Jalan 24, Taman Perindustrian Ehsan Jaya, Taman Ehsan, Kepong 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office Date of acquisition : 02/04/1997	Freehold	2,730	13	293,828
Lot 656 Jalan 24, Taman Peindustrian Ehsan Jaya, Taman Ehsan,Kepong, 52100 Kuala Lumpur.	Double storey Terrace Factory/ Office Date of acquisition : 02/04/1997	Freehold	2,730	13	293,828
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Boutique Date of acquisition : 05/05/2004	99 years leasehold	452	8	577,632

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2011 (RM)
Wisma Sri Damansara No. 10 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur	Two storey office building Date of acquisition : 08/08/2005	Freehold	30022/ 24108	17	3,998,444

Note 1: A revaluation on these properties were carried out by an independent valuer on 22 November 2002 and there was no material impairment to the value of these properties.

Note 2: A revaluation on these properties were carried out by an independent valuer on 11 July 2006 and there was no material impairment to the value of these properties.

ANALYSIS OF Shareholdings

as at 3 August 2011

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	:	1,841

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2	0.11	3	0.00
100 to 1,000	414	22.49	400,600	0.95
1,001 – 10,000	1,177	63.93	4,621,999	11.00
10,001 – 100,000	222	12.06	6,628,801	15.78
100,001 – less than 5% of issued shares	24	1.30	11,276,698	26.85
5% and above of issued shares	2	0.11	19,071,899	45.42
Total	**1,841**	**100.00**	**42,000,000**	**100.00**

Substantial Shareholders according to the Register of Substantial Shareholders

		No. of Shares			
	Names	Direct Interest	%	Indirect Interest	%
1.	Teoh Hwa Peng	19,071,899 (1)	45.41	2,125,000 (2)	5.06
2.	Tan Sok Gim	2,125,000	5.06	19,071,899 (2)	45.41
3.	Thuraya Binti Kassim	2,417,498	5.76	-	-

Notes:
(1) Held in own name and UOBM Nominees (Tempatan) Sdn Bhd.
(2) Deemed interest through spouse's shareholdings by virtue of Section 134(12)(c) of the Companies Act, 1965

Directors' Shareholdings

	No. of Shares			
Names of Directors	Direct Interest	%	Indirect Interest	%
Teoh Hwa Peng	19,071,899#	45.41	2,125,000*	5.06
Ng Chee Leong	-	-	-	-
Teoh Wah Leong	-	-	-	-
Saffie Bin Bakar	-	-	-	-
Yam Kin Lum	-	-	-	-
Tan Yew Kim	-	-	-	-

Held in own name and UOBM Nominees (Tempatan) Sdn Bhd.
* *Deemed interest through spouse's shareholdings by virtue of Section 134(12)(c) of the Companies Act, 1965*

Thirty (30) Largest Shareholders / Securities Account Holders

No.	Names	No. of Shares	%
1.	Teoh Hwa Peng	12,274,099	29.22
2.	UOBM Nominees (Tempatan) Sdn Bhd UOBM for Teoh Hwa Peng (PBM)	6,797,800	16.19
3.	Thuraya Binti Hj Kassim	1,833,910	4.37
4.	Tan Sok Gim	1,762,000	4.20
5.	Sieh Kok Swee	1,537,400	3.66
6.	Khoo Loon See	1,250,000	2.98
7.	Thuraya Binti Hj Kassim	583,588	1.39
8.	Chea Kok Jiunn @ Sieh Kok Jiun	489,100	1.16
9.	Khoo Loon Im	450,000	1.07
10.	RHB Capital Nominees (Tempatan) Sdn Bhd Teoh Beng Thong (KMP)	361,000	0.86
11.	Eden @ Mohd Eden Bin Mohd Ali	300,000	0.71
12.	Sam Yin Thing	286,000	0.68
13.	Tan Sok Gim	225,901	0.54
14.	Nor Azman Bin Mohd Yussof	217,000	0.52
15.	Yong Sau Leng	208,800	0.50
16.	Liew Kok Ming	207,500	0.49
17.	Sam Chee Siong	200,000	0.48
18.	Au Yong Mun Yee	192,000	0.46

Thirty (30) Largest Shareholders / Securities Account Holders (cont'd)

No.	Names	No. of Shares	%
19.	Onn @ Onn Bhoy Bin Abbasbhoy	187,000	0.45
20.	Tey Ghee Kian	185,000	0.44
21.	Mohd Alim Bin Abd Bari	170,000	0.40
22.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Hang Guan	158,800	0.38
23.	Tan Sok Gim	137,099	0.33
24.	RHB Nominees (Asing) Sdn Bhd Kripalson International Ltd	121,800	0.29
25.	TA Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Noredah Majimpi @ Enin Majimpi	111,400	0.27
26.	Abdul Halim Bin Ismail	101,400	0.24
27.	Lim Chin Hwa	100,000	0.24
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kok Wah	98,000	0.23
29.	Abdul Aziz Al-Akbar Bin Mohamed Noor	95,500	0.23
30.	Muhammad Syafiq Baljit Bin Abdullah	95,000	0.23

MESB
BERHAD
(337554-D)

PROXY Form

I/We____

(BLOCK LETTERS)

of____

being a member/members of **MESB BERHAD**, hereby appoint * THE CHAIRMAN OF THE MEETING or________

____

of ____ or failing him / her,

____of

____as

my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held at Level 2, Hotel Sri Petaling, 30 Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 22 September 2011 at 9.30 a.m. and at any adjournment thereof.

* *If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.*

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

	Ordinary Resolutions	For	Against
1	To re-elect Ng Chee Leong as a director		
2	To re-elect Yam Kin Lum as a director		
3	To approve the payment of Directors' fees		
4	To re-appoint Crowe Horwath as Auditors of the Company		
5	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") and Proposed New Mandate for Additional RRPT of a Revenue or Trading Nature		

Dated this_______day of _____________2011

____

Signature / Common Seal of Shareholder

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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. 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.
5. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6 Symphony House, Block D13, 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.
6. 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.

Please fold here

Stamp

The Share Registrar

MESB BERHAD
Symphony Share Registrars Sdn Bhd
Level 6 Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here

RETAIL DIVISION

MIROZA
LEATHER

242474-V

(A Wholly Owned Subsidiary of MESB Berhad)

ALAIN DELON
Men's & Ladies Leatherware

pierre cardin
Men's & Ladies Leatherware

PIERRE BALMAIN
PARIS
Men's & Ladies Leatherware

GIOSSARDI
Ladies Leatherware

MESB BERHAD 337554-D
No.63, Jalan 8/146, Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur, Malaysia.
Tel: +(603) 9059 5650 Fax: +(603) 9059 5676
Email: mesb@mesbbhd.com www.mesbbhd.com