MESB
BERHAD

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to owners of the Company	(6,043)	(12,681)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Loke Lee Ping*
Lee Kok Heng
Saffie Bin Bakar
Tan Yew Kim
Chua Jin Kau*

** These Directors are also Directors of the Company's subsidiaries.*

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 March 2018 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefit 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 or of related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 12,600,000 new ordinary shares at RM0.73 per share via a private placement to eligible investors for a total cash consideration of RM9,198,000 to fund the business expansion and working capital requirements of the Group. Arising from this, the total number of shares in issue increased from 42,000,000 ordinary shares to 54,600,000 ordinary shares.

Following that, the Company carried out a share split exercise which involves the subdivision of every two (2) existing ordinary shares into three (3) ordinary shares. The total number of shares in issue increased from 54,600,000 ordinary shares to 81,900,000 ordinary shares.

There were no other changes in the issued and paid up capital of the Company during the financial year. There were no debentures issued during the financial year.

WARRANTS 2017/2022

On 2 January 2018, the Company issued 40,950,000 free Warrants to all the entitled shareholders of the Company on the basis of one (1) free Warrant for every two (2) existing ordinary shares held in the Company.

The Warrants were constituted under the Deed Poll dated 13 December 2017 and each Warrant entitles the registered holder the right at any time during the exercise period from 2 January 2020 to 30 December 2022 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.30 each.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and officers of the Group and of the Company were RM7,500,000 and RM18,000 respectively. There were no indemnity given to or insurance effected for auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 16 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Loke Lee Ping
Director

Chua Jin Kau
Director

Kuala Lumpur,

Date: 27 July 2018

STATEMENTS OF FINANCIAL POSITION
As At 31 March 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	3	6,380	9,379	–	–
Investment properties	4	2,836	498	–	–
Intangible assets	5	25,168	25,168	–	–
Investments in subsidiaries	6	–	–	37,340	49,295
Total non-current assets		34,384	35,045	37,340	49,295
Inventories	8	36,399	46,114	–	–
Current tax assets		3,841	3,103	–	–
Trade and other receivables	9	27,023	21,471	3,589	1
Prepayments		1,391	881	–	–
Cash and cash equivalents	10	26,597	26,779	5,334	737
Total current assets		95,251	98,348	8,923	738
Total assets		129,635	133,393	46,263	50,033
Equity					
Share capital	11	51,240	42,042	51,240	42,042
Reserves		33,240	39,283	(5,222)	7,459
Total equity attributable to owners of the Company		84,480	81,325	46,018	49,501
Liabilities					
Loans and borrowings	12	4,750	4,199	–	–
Deferred tax liabilities	7	47	32	–	–
Total non-current liabilities		4,797	4,231	–	–
Loans and borrowings	12	22,656	26,776	–	–
Trade and other payables	13	17,702	21,061	245	532
Total current liabilities		40,358	47,837	245	532
Total liabilities		45,155	52,068	245	532
Total equity and liabilities		129,635	133,393	46,263	50,033

The notes on pages 62 to 111 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	14	140,037	135,224	–	30
Cost of sales		(63,451)	(58,028)	–	–
Gross profit		76,586	77,196	–	30
Other income		653	230	–	114
Selling and distribution expenses		(35,966)	(33,311)	–	–
Administrative expenses		(45,556)	(44,638)	(855)	(582)
Other expenses		–	–	(11,955)	(7,090)
Results from operating activities		(4,283)	(523)	(12,810)	(7,528)
Finance income		455	476	145	23
Finance costs	15	(1,585)	(1,743)	(14)	–
Loss before tax	16	(5,413)	(1,790)	(12,679)	(7,505)
Tax expense	17	(630)	(840)	(2)	(6)
Loss and Total comprehensive loss for the year		(6,043)	(2,630)	(12,681)	(7,511)
Loss attributable to:					
Owners of the Company		(6,043)	(2,630)	(12,681)	(7,511)
Total comprehensive loss attributable to:					
Owners of the Company		(6,043)	(2,630)	(12,681)	(7,511)
Basic loss per ordinary share (sen)	18	(8.39)	(4.17)		

The notes on pages 62 to 111 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2018

	← Non-distributable		→	Distributable	
Group	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016	42,000	5	37	41,913	83,955
Loss and Total comprehensive loss for the year	–	–	–	(2,630)	(2,630)
Transfer pursuant to Section 618(2) of the Companies Act 2016 (Note 11.1)	42	(5)	(37)	–	–
At 31 March 2017/1 April 2017	42,042	–	–	39,283	81,325
Issue of shares pursuant to the private placement	9,198	–	–	–	9,198
Loss and Total comprehensive loss for the year	–	–	–	(6,043)	(6,043)
At 31 March 2018	51,240	–	–	33,240	84,480
	Note 11				

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2018

Company	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
	← Non-distributable		→		
At 1 April 2016	42,000	5	37	14,970	57,012
Loss and Total comprehensive loss for the year	–	–	–	(7,511)	(7,511)
Transfer pursuant to Section 618(2) of the Companies Act 2016 (Note 11.1)	42	(5)	(37)	–	–
At 31 March 2017/1 April 2017	42,042	–	–	7,459	49,501
Issue of shares pursuant to the private placement	9,198	–	–	–	9,198
Loss and Total comprehensive loss for the year	–	–	–	(12,681)	(12,681)
At 31 March 2018	51,240	–	–	(5,222)	46,018
	Note 11				

The notes on pages 62 to 111 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the Year Ended 31 March 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Loss before tax		(5,413)	(1,790)	(12,679)	(7,505)
Adjustments for:					
Bad debts written off		–	12	–	–
Reversal of compensation recoverable/(Compensation recoverable) arising from acquisition of subsidiary	24	–	1,437	–	(105)
Depreciation of property, plant and equipment	3	1,783	2,066	–	–
Depreciation of investment properties	4	63	13	–	–
Dividends from subsidiary		–	–	–	(30)
Property, plant and equipment written off	3	859	750	–	–
Loss/(Gain) on disposal of property, plant and equipment		4	(3)	–	(7)
Impairment losses on investments in subsidiaries	6	–	–	11,955	7,090
Impairment losses on trade receivables		102	51	–	–
Interest expense		1,585	1,743	14	–
Interest income		(455)	(476)	(145)	(23)
Write-down of inventories		1,861	95	–	–
Impairment loss of goodwill		–	522	–	–
Net unrealised (gain)/loss on foreign exchange		(164)	79	–	–
Operating profit/(loss) before changes in working capital		225	4,499	(855)	(580)
Changes in inventories		7,854	(707)	–	–
Changes in trade and other receivables		(6,164)	4,598	–	3
Changes in trade and other payables		(3,195)	(3,882)	(287)	(27)
Cash flows (used in)/generated from operations		(1,280)	4,508	(1,142)	(604)
Income tax paid		(1,353)	(1,591)	(2)	(6)
Interest paid		(1,585)	(1,743)	(14)	–
Net cash (used in)/from operating activities		(4,218)	1,174	(1,158)	(610)

Statements of Cash Flows (Cont'd)
For the Year Ended 31 March 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(2,067)	(2,321)	–	–
Dividends received from subsidiary		–	–	–	30
Decrease in fixed deposits pledged		(866)	(1,433)	–	–
Interest received		455	476	145	23
Proceeds from disposal of property, plant and equipment		19	46	–	7
Compensation received arising from acquisition of subsidiary	24	–	105	–	105
Advances to subsidiaries		–	–	(3,588)	–
Net cash (used in)/from investing activities		(2,459)	(3,127)	(3,443)	165
Cash flows from financing activities					
(Repayment)/Drawdown of bankers' acceptances		(6,776)	10,293	–	–
Repayment of finance lease liabilities		(73)	(69)	–	–
Proceeds from issue of share capital		9,198	–	9,198	–
Drawdown/(Repayment) of term loans		784	(2,339)	–	–
Net cash from financing activities		3,133	7,885	9,198	–
Net (decrease)/increase in cash and cash equivalents		(3,544)	5,932	4,597	(445)
Cash and cash equivalents at 1 April		11,411	5,479	737	1,182
Cash and cash equivalents at 31 March	(i)	7,867	11,411	5,334	737

Statements of Cash Flows (Cont'd)
For the Year Ended 31 March 2018

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deposits placed with licensed banks	10	13,893	13,027	–	–
Less: Pledged deposits	10	(13,893)	(13,027)	–	–
		–	–	–	–
Cash and bank balances	10	12,540	13,593	5,170	578
Highly liquid investments with financial institutions	10	164	159	164	159
Bank overdrafts	12	(4,837)	(2,341)	–	–
		7,867	11,411	5,334	737

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,067,000 (2017: RM2,533,000), of which RM nil (2017: RM212,000) was acquired by means of finance leases.

The notes on pages 62 to 111 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MESB Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 1903A, 1st Floor, Jalan KPB 7
Kawasan Perindustrian Kg. Baru Balakong
43300 Seri Kembangan, Selangor

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 27 July 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018; and

- from the annual period beginning on 1 April 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(i) MFRS 15, *Revenue from Contracts with Customers* (Cont'd)

Currently, the Group recognises revenue upon the transfer of significant risks and rewards of ownership of the goods to customers and where applicable, net of returns and allowances, trade discount and volume rebates. Upon adoption of MFRS 15, the Group will recognise revenue when (or as) a performance obligation is satisfied and a customer obtains control of the goods. Specifically, MFRS 15 introduces a 5-step approach to revenue recognition:-

Step 1:	Identify the contract with a customer.
Step 2:	Identify the performance obligations in the contract.
Step 3:	Determine the transaction price.
Step 4:	Allocate the transaction price to the performance obligations in the contract.
Step 5:	Recognise revenue when (or as) the entity satisfies a performance obligation.

The principle activities of the Group entities are mainly retailing of leather products, apparels and accessories. The goods are generally sold to the customers through consignment counters in major departmental stores and retail outlets, and occasionally via outright sales.

Each sale transaction consists of a single performance obligation to transfer the promised goods, thus no complicated allocation of transaction price is required.

Transaction price is derived from sales consideration received from the customer, less any trade discounts and incentives. As the Group does not provide a right of return to the customers, determination of transaction prices is straightforward.

The Group does not anticipate difference in the timing of revenue recognition upon adoption of MFRS 15 as the Group recognises revenue at a point in time when the customers obtain possession of the goods.

Based on the overall assessment, the Group does not expect the initial application of MFRS 15 to have any significant impact to the financial statements of the Group.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Classification and measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Impairment

MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investment in equity instruments.

The Group has assessed the impact of initial application of MFRS 9 and does not expect any significant impact on accounting of its financial assets.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements is discussed below:

(i) Impairment of intangible assets

(a) Measurement of the recoverable amounts of cash-generating units containing goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy as explained in Note 2(j)(ii) to the financial statements.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

(i) Impairment of intangible assets (Cont'd)

(a) Measurement of the recoverable amounts of cash-generating units containing goodwill (Cont'd)

The recoverable amounts of goodwill have been determined based on the value in use calculations, which resulted in an impairment loss during the year amounting to RM nil (2017: RM522,000).

The carrying amount of goodwill and estimates used in the value in use calculations are disclosed in Note 5.1 to the financial statements.

(b) Measurement of the recoverable amounts of cash-generating units relating to the trademark

The Group tests trademark for impairment annually in accordance with its accounting policy as explained in Note 2(j)(ii) to the financial statements.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units relating to the trademark, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates.

The recoverable amount of trademark has been determined based on the value in use calculation as disclosed in Note 5.2 to the financial statements. Based on the assessment, there was no impairment loss recognised in profit or loss for the financial year ended 31 March 2018 (2017: RM nil).

(ii) Impairment of investments in subsidiaries

The Company reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of investments in subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

Value in use is the present value of the projected future cash flows derived from the business operations of respective subsidiaries discounted at an appropriate discount rate. The discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has been made to determine the future growth of the businesses of the subsidiaries and the discount rate to be applied in deriving the present value of the projected future cash flows.

The carrying amounts of investments in subsidiaries and estimates used in the value in use calculations are disclosed in Note 6 to the financial statements respectively. Based on the assessment, there was an impairment loss on investments in subsidiaries recognised in profit or loss for the current financial year amounting to RM11,955,000 (2017: RM7,090,000).

(iii) Write-down of inventories

The Group writes down the inventories in accordance with the Group's accounting policy. Judgement is required to assess the appropriate level of provisioning for items which may be ultimately sold below cost as a result of changing consumer demands and fashion trends.

Based on the assessment, the write-down of inventories recognised in profit or loss is amounting to RM1,861,000 (2017: RM95,000).

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the accounting policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	Over the lease period of 99 years
• Buildings	2%
• Motor vehicles	20%
• Office equipment, furniture and fittings	5% - 10%
• Computers	25% - 50%
• Renovation	10% - 20%
• Warehouse equipment	20%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired separately by the Group, which have indefinite useful lives, are measured at cost less any impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes.

Investment properties are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	Over the lease period of 99 years
• Buildings	2%

Depreciation method, useful life and residual values are reviewed at the end of each reporting period, and adjusted as appropriate.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

For investment properties carried at cost, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in-first-out formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue and other income

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss, except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax (Cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(r) 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. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Contingencies (Cont'd)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Warehouse equipment RM'000	Total RM'000
Group								
Cost								
At 1 April 2016		3,074	365	4,708	2,586	8,337	–	19,070
Additions		–	212	532	43	1,701	45	2,533
Disposals		–	(40)	–	–	(22)	–	(62)
Written off		–	–	(644)	–	(965)	–	(1,609)
At 31 March 2017/1 April 2017		3,074	537	4,596	2,629	9,051	45	19,932
Additions		–	15	560	137	1,351	4	2,067
Disposals		–	–	(7)	–	(51)	–	(58)
Written off		–	–	(1,927)	(15)	(572)	–	(2,514)
Transfer to investment properties	4	(3,074)	–	–	–	–	–	(3,074)
At 31 March 2018		–	552	3,222	2,751	9,779	49	16,353

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Warehouse equipment RM'000	Total RM'000
Group								
Accumulated depreciation								
At 1 April 2016		623	115	1,266	2,546	4,815	–	9,365
Charge for the year		50	98	515	44	1,355	4	2,066
Disposals		–	(5)	–	–	(14)	–	(19)
Written off		–	–	(491)	–	(368)	–	(859)
At 31 March 2017/1 April 2017		673	208	1,290	2,590	5,788	4	10,553
Charge for the year		–	96	418	55	1,205	9	1,783
Disposals		–	–	(5)	–	(30)	–	(35)
Written off		–	–	(1,310)	(15)	(330)	–	(1,655)
Transfer to investment properties	4	(673)	–	–	–	–	–	(673)
At 31 March 2018		–	304	393	2,630	6,633	13	9,973
Carrying amounts								
At 1 April 2016		2,451	250	3,442	40	3,522	–	9,705
At 31 March 2017/1 April 2017		2,401	329	3,306	39	3,263	41	9,379
At 31 March 2018		–	248	2,829	121	3,146	36	6,380

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers RM'000	Motor vehicles RM'000	Total RM'000
Company			
Cost			
At 1 April 2016	15	8	23
Disposal	–	*	*
At 31 March 2017/1 April 2017/ 31 March 2018	15	8	23
Accumulated depreciation			
At 1 April 2016	15	8	23
Disposal	–	*	*
At 31 March 2017/1 April 2017/ 31 March 2018	15	8	23
Carrying amounts			
At 1 April 2016/31 March 2017/ 1 April 2017/31 March 2018	–	–	–

* denotes RM1

3.1 Motor vehicles under hire purchase arrangements

The carrying amount of motor vehicles of the Group held under hire purchase arrangements as at the end of the reporting period was RM236,000 (2017: RM329,000).

4. INVESTMENT PROPERTIES

Group	Note	Leasehold land RM'000	Leasehold building RM'000	Total RM'000
Cost				
At 1 April 2016/31 March 2017/ 1 April 2017		–	666	666
Transfer from property, plant and equipment	3	1,740	1,334	3,074
At 31 March 2018		1,740	2,000	3,740
Accumulated depreciation				
At 1 April 2016		–	155	155
Charge for the year		–	13	13
At 31 March 2017/1 April 2017		–	168	168
Transfer from property, plant and equipment	3	338	335	673
Charge for the year		18	45	63
At 31 March 2018		356	548	904
Carrying amounts				
At 1 April 2016		–	511	511
At 31 March 2017/1 April 2017		–	498	498
At 31 March 2018		1,384	1,452	2,836

	2018 RM'000	2017 RM'000
Fair value		
Leasehold land and buildings	5,750	750

Investment properties are not occupied by the Group and are used either to earn rentals or for capital appreciation, or both. Included in the investment properties are certain commercial properties leased to third party.

The investment properties have been pledged to a licensed bank as security for banking facilities granted to a subsidiary of the Group.

The Directors have opted for the cost model in determining the carrying amounts of investment properties.

Rental income of the Group derived from investment properties amounted to RM18,000 (2017: RM64,000).

The direct expenses relating to the investment properties which are income generating is RM17,000 (2017: RM2,000) representing quit rent and assessment incurred for the financial year.

4. INVESTMENT PROPERTIES (CONT'D)

Level 3 fair value

The fair value of the investment properties at the end of the reporting period was determined by reference to the professional valuation carried out which estimated the market value of the investment property based on sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Trademark RM'000	Total RM'000
Cost				
At 1 April 2016/ 31 March 2017/ 1 April 2017/ 31 March 2018		25,190	500	25,690
Accumulated impairment loss				
At 1 April 2016		–	–	–
Impairment loss for the year		(522)	–	(522)
At 31 March 2017/ 1 April 2017/ 31 March 2018		(522)	–	(522)
Carrying amounts				
At 1 April 2016		25,190	500	25,690
At 31 March 2017		24,668	500	25,168
At 31 March 2018		24,668	500	25,168
		Note 5.1	Note 5.2	

5.1 Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The goodwill on consolidation arose from the acquisition of Miroza Leather (M) Sdn. Bhd. ("MLMSB"). Thus, the cash-generating unit ("CGU") to which the goodwill belongs have been identified as the operating entity.

5. INTANGIBLE ASSETS (CONT'D)

5.1 Impairment testing for cash-generating units containing goodwill (Cont'd)

The aggregate carrying amounts of goodwill allocated to each unit is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
MLMSB	24,668	24,668

Miroza Leather (M) Sdn. Bhd. ("MLMSB")

The recoverable amount of MLMSB was based on its value in use, determined by discounting future cash flows to be generated by MLMSB based on the financial budgets approved by the Board of Directors and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business forecast. The terminal value of the cash flow is calculated by applying a terminal growth rate of 2% (2017: 1%) which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to the long-term nature of MLMSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 3%-4% (2017: 2%-3%) which is based on the current market conditions and the average growth levels experienced over the past 3 years.

- A pre-tax discount rate of 11.18% (2017: 11.18%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the industry average weighted average cost of capital.

- The gross profit ("GP") margin in the cash flow projections was 59%-61% (2017: 59%-61%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, no impairment loss is required to be recognised.

The above estimates are particularly sensitive in the following areas:

- A decrease of 1% in the annual revenue growth applied would have resulted in an impairment loss of RM2,709,000.
- A decrease of 1% in the gross profit margin applied would have resulted in an impairment loss of RM4,421,000.

5.2 Trademark

This represents intellectual rights and trademark pertaining to a brand acquired. This brand is also the cash-generating unit ("CGU") relating to the intellectual rights.

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

5. INTANGIBLE ASSETS (CONT'D)

5.2 Trademark (Cont'd)

At the end of each reporting period, the useful life of this asset is reviewed by the management to determine whether events and circumstances continue to support indefinite useful life assessment of this asset. Such asset is tested for impairment in accordance with the Group accounting policy as stated in Note 2(j)(ii) to the financial statements.

The recoverable amount of the CGU was based on the value in use, determined by discounting future cash flows to be generated by the CGU based on the financial budgets approved by the Board of Directors and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business forecast. The terminal value of the cash flow is calculated by applying a terminal growth rate of 2% (2017: 1%) which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to long-term nature of the business in which the brand belongs.

- The anticipated annual revenue growth included in the cash flow projections is 3%-4% (2017: 2%-3%) which is based on the current market conditions and the average growth level experienced over the past 3 years.

- A pre-tax discount rate of 11.18% (2017: 11.18%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the industry average weighted average cost of capital.

- The gross profit ("GP") margin in the cash flow projections was 65%-67% (2017: 68%-69%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, no impairment loss was required to be recognised.

The above estimates are particularly sensitive in the following areas:

- A decrease of 1% in the annual revenue growth used would have resulted in a full impairment loss of RM500,000.
- A decrease of 1% in the gross profit margin applied would have resulted in an impairment loss of RM450,000.

6. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2018 RM'000	2017 RM'000
Unquoted shares, at cost		57,249	57,249
Less: Accumulated impairment losses	6.1	(19,909)	(7,954)
		37,340	49,295

Notes to the Financial Statements (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of entity	Principle place of business/ Country of incorporation	Principal activities	Effective ownership interest 2018 %	2017 %
Miroza Leather (M) Sdn. Bhd.	Malaysia	Trading & retailing of leather products and apparels	100	100
MESB Capital & Development Sdn. Bhd.	Malaysia	Investment holding	100	100
Crystal United Sdn. Bhd.	Malaysia	Dormant	100	100
Active Fit Sdn. Bhd.	Malaysia	Trading & retailing of casual apparels and accessories	100	100

6.1 Accumulated impairment losses

		Company	
	Note	2018 RM'000	2017 RM'000
Active Fit Sdn. Bhd. ("AFSB")	(i)	19,000	7,053
Crystal United Sdn. Bhd. ("CUSB")		909	901
		19,909	7,954

(i) Impairment testing for investment in AFSB

The recoverable amount of investment in AFSB was based on its value in use, determined by discounting future cash flows to be generated by AFSB based on the financial budgets approved by the Board of Directors and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business forecast. The terminal value of the cash flow is calculated by applying a terminal growth rate of 2% (2017: 1%) which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to the long-term nature of AFSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 3%-4% (2017: 3%-4%) which is based on the current market conditions and management's revenue growth projections.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Accumulated impairment losses (Cont'd)

(i) Impairment testing for investment in AFSB (Cont'd)

The recoverable amount of investment in AFSB was based on its value in use, determined by discounting future cash flows to be generated by AFSB based on the financial budgets approved by the Board of Directors and was based on the following key assumptions (continued):

- A pre-tax discount rate of 11.18% (2017: 11.18%) was applied in determining the recoverable amount of the investment in AFSB. The discount rate was estimated based on the industry average weighted average cost of capital.
- The gross profit ("GP") margin in the cash flow projections was 44%-47% (2017: 45%-50%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, the recoverable amount of the investment in AFSB is estimated to be below the carrying amount. As a result, an impairment loss of RM11,947,000 (2017: RM7,053,000) was recognised in the current financial year.

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	–	–	(213)	(287)	(213)	(287)
Other deductible temporary differences	166	255	–	–	166	255
Tax assets/(liabilities)	166	255	(213)	(287)	(47)	(32)
Set off of tax	(166)	(255)	166	255	–	–
Net tax assets/(liabilities)	–	–	(47)	(32)	(47)	(32)

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2018 **RM'000**	**2017** **RM'000**
Property, plant and equipment	(466)	(692)
Inventories	1,831	181
Unabsorbed capital allowances	1,131	582
Unutilised tax losses	5,492	1,555
Other deductible temporary differences	202	653
	8,190	2,279

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which a subsidiary within the Group can utilise the benefits therefrom.

8. INVENTORIES

	Group	
	2018 **RM'000**	**2017** **RM'000**
Trading merchandise	36,399	46,114
Recognised in profit or loss:		
- inventories recognised as cost of sales	54,025	50,332
- write-down of inventories	1,861	95

The write-down of inventories is included in cost of sales.

9. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade					
Trade receivables	9.1	25,924	20,435	–	–
Non-trade					
Amount due from subsidiaries	9.2	–	–	3,588	–
Other receivables		134	311	–	–
Deposits		965	725	1	1
		1,099	1,036	3,589	1
		27,023	21,471	3,589	1

9.1 Included in trade receivables is amount due from companies in which a former Director has significant financial interests of RM130,000 (2017: RM76,000). The amount is unsecured, interest free and subject to negotiated trade terms.

9.2 The non-trade amount due from subsidiaries relates to interest-bearing advances to subsidiaries. Advances to subsidiaries are unsecured, subject to interest at 7.95% per annum and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Highly liquid investments with financial institutions	10.1	164	159	164	159
Fixed deposits placed with licensed banks	10.2	13,893	13,027	–	–
Cash and bank balances		12,540	13,593	5,170	578
		26,597	26,779	5,334	737

10.1 Highly liquid investments with financial institutions

Highly liquid investments with financial institutions represent investments in money market, which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

10.2 Fixed deposits placed with licensed banks

The fixed deposits placed with licensed banks are pledged as security for banking facilities granted to the Group (see Note 12).

11. SHARE CAPITAL

		Group and Company			
	Note	Number of shares 2018 '000	Amount 2018 RM'000	Number of shares 2017 '000	Amount 2017 RM'000
Ordinary shares, issued and fully paid:					
At 1 April		42,000	42,042	42,000	42,000
Transfer from share premium and capital reserve	11.1	–	–	–	42
Private placement	11.2	12,600	9,198	–	–
Share split	11.3	27,300	–	–	–
At 31 March		81,900	51,240	42,000	42,042

The Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, has abolished the concept of authorised share capital and par value of share capital.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11.1 Transfer from share premium and capital reserve

In 2017, the sum of RM42,000 standing to the credit of the Company's share premium and capital reserve has been transferred and became part of the Company's share capital pursuant to Section 618(2) of the Act.

11.2 Private placement

On 9 October 2017, the Company issued 12,600,000 new ordinary shares to eligible investors at an issue price of RM0.73 per share via private placement.

11.3 Share split

On 27 December 2017, the Company subdivided its issued and paid-up share capital of 54,600,000 ordinary shares on the basis of every two (2) ordinary shares into three (3) ordinary shares, resulting in additional 27,300,000 ordinary shares.

11.4 Warrants 2017/2022

On 2 January 2018, the Company issued 40,950,000 free Warrants to all the entitled shareholders of the Company after the share split on the basis of one (1) free Warrant for every two (2) existing ordinary shares held in the Company.

The Warrants can only be exercised commencing on and including the date from the second anniversary date of the first issue of the Warrants, i.e. 2 January 2020 to 30 December 2020. Each Warrant entitles the registered holder the right at any time during the exercise period from 2 January 2020 to 30 December 2022 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.30 each.

12. LOANS AND BORROWINGS

	Note	Group 2018 RM'000	2017 RM'000
Non-current			
Term loans – secured	12.1	4,527	3,898
Finance lease liabilities	12.2	223	301
		4,750	4,199
Current			
Term loans – secured	12.1	2,339	2,184
Finance lease liabilities	12.2	78	73
Bank overdrafts - secured	12.3	4,837	2,341
Bankers' acceptances - secured	12.3	15,402	22,178
		22,656	26,776
		27,406	30,975

Reconciliation of movement of loans and borrowings to cash flows arising from financing activities:

Group	At 1 April 2017 RM'000	Net changes from financing cash flow RM'000	At 31 March 2018 RM'000
Term loans - secured	6,082	784	6,866
Finance lease liabilities	374	(73)	301
Bankers' acceptances - secured	22,178	(6,776)	15,402

12.1 Term loans

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

Group Term loan	Number of monthly instalments	Monthly instalments RM	Effective dates of commencement of repayment	Amount 2018 RM'000	outstanding 2017 RM'000
1	60	10,102	November 2013	76	186
2	60	64,131	March 2015	1,317	1,944
3	36	94,495	October 2015	568	1,609
4	60	40,670	November 2016	1,509	1,860
5	60	10,079	January 2017	396	483
6	60	60,758	April 2018	3,000	–
				6,866	6,082

The term loans of the Group at the end of the reporting period are secured by:

(i) a first legal charge over the investment properties of the subsidiaries; and
(ii) a pledge over the fixed deposits placed with licensed banks of the subsidiaries;

and are supported by corporate guarantees provided by the Company and personal guarantee by a former Director of a subsidiary.

12. LOANS AND BORROWINGS (CONT'D)

12.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Less than one year	92	(14)	78	92	(19)	73
Between one and five years	227	(16)	211	287	(29)	258
More than five years	12	–	12	44	(1)	43
	331	(30)	301	423	(49)	374

12.3 Bank overdrafts and bankers' acceptances

The bank overdrafts and bankers' acceptances of the Group at the end of the reporting period are secured by a pledge over the fixed deposits placed with licensed banks of subsidiaries and are supported by corporate guarantees of the Company and personal guarantee by a former Director of a subsidiary.

13. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade					
Trade payables	13.1	12,662	12,721	–	–
Non-trade					
Other payables	13.2	810	4,120	154	467
Accrued expenses		4,230	4,220	77	65
Amount due to subsidiaries		–	–	14	–
		5,040	8,340	245	532
		17,702	21,061	245	532

13.1 Included in trade payables is amount due to companies in which a former Director has significant financial interests of RM349,000 (2017: RM1,382,000). The amount is unsecured, interest free and subject to negotiated trade terms.

13.2 Included in other payables is an amount of RM192,000 (2017: RM210,000) of Goods and Services ("GST") payable to Royal Malaysian Custom Department ("RMCD") in relation to excess output tax over input tax.

14. REVENUE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Sale of goods	140,019	135,224	–	–
Rental income	18	–	–	–
Dividends from subsidiary	–	–	–	30
	140,037	135,224	–	30

15. FINANCE COSTS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	428	523	–	–
- finance lease liabilities	19	35	–	–
- bank overdrafts	292	217	–	–
- bankers' acceptances	832	968	–	–
- debts factoring	14	–	–	–
- advances from subsidiary	–	–	14	–
	1,585	1,743	14	–

16. LOSS BEFORE TAX

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Loss before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	160	180	55	55
- Non-audit fees				
KPMG in Malaysia	5	10	5	10
Internal audit fees	79	71	–	3
Bad debts written off	–	12	–	–
Reversal of compensation recoverable/(Compensation recoverable) arising from acquisition of subsidiary	–	1,437	–	(105)
Depreciation of property, plant and equipment	1,783	2,066	–	–
Depreciation of investment properties	63	13	–	–
Dividends from subsidiary	–	–	–	(30)

16. LOSS BEFORE TAX (CONT'D)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Loss before tax is arrived at after charging/(crediting)(Cont'd):				
Loss/(Gain) on disposal of property, plant and equipment	4	(3)	–	(7)
Impairment losses on investments in subsidiaries	–	–	11,955	7,090
Impairment losses on trade receivables	102	51	–	–
Impairment loss of goodwill	–	522	–	–
Write-down of inventories	1,861	95	–	–
Interest expense	1,585	1,743	14	–
Interest income:				
- fixed deposits placed with licensed banks	(455)	(476)	(50)	(23)
- others	–	–	(95)	–
Property, plant and equipment written off	859	750	–	–
Personnel expenses (including key management personnel):				
- Wages, salaries and others	27,021	24,540	131	217
- Defined contribution plans	2,586	2,365	10	20
Net realised (gain)/loss on foreign exchange	(395)	406	–	–
Rental expenses	2,595	2,372	–	–
Rental income from investment properties	(18)	(64)	–	–
Net unrealised (gain)/loss on foreign exchange	(164)	79	–	–

17. TAX EXPENSE

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current tax expense					
- Current year		531	785	–	–
- Under/(Over) provision in prior year		84	(368)	2	6
		615	417	2	6
Deferred tax expense					
- Origination and reversal of temporary differences		37	212	–	–
- (Over)/Under provision in prior year		(22)	211	–	–
		15	423	–	–
Total income tax expense		630	840	2	6
Reconciliation of tax expense					
Loss before tax		(5,413)	(1,790)	(12,679)	(7,505)
Income tax calculated using Malaysian tax rate of 24%		(1,299)	(430)	(3,043)	(1,801)
Effect of deferred tax assets not recognised		1,419	547	–	–
Non-taxable income		(4)	(5)	(4)	(12)
Non-deductible expenses		452	885	3,047	1,813
Under/(Over) provision in prior year		62	(157)	2	6
		630	840	2	6

18. LOSS PER SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at reporting date was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	**2017 Restated**
Loss attributable to owners of the Company (RM'000)	(6,043)	(2,630)
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 April	42,000	42,000
Effect of new ordinary shares issued via private placement	6,007	–
Effect of share split (Note 11.3)	24,004	21,000
Weighted average number of ordinary shares at 31 March (basic)	72,011	63,000
Basic loss per ordinary share (sen)	(8.39)	(4.17)

The previous year's loss per ordinary share has been restated to reflect the effect of the share split during the current financial year.

Diluted loss per ordinary share

The Group has no dilution in their loss per ordinary share as the Warrants issued the year are anti-dilutive, where conversion of the Warrants to ordinary shares would have decreased the loss per ordinary share.

19. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Operating Decision Makers ("CODM") (i.e. the Group's Executive Directors) review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Retailing — involved in the trading & retailing of leather products, apparels and accessories.
- Investment holding — involved in investment holding.

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

19. OPERATING SEGMENTS (CONT'D)

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

Group **2018**	**Retailing** **RM'000**	**Investment holding** **RM'000**	**Total** **RM'000**
Segment loss	(2,940)	(888)	(3,828)
Included in the measure of segment loss are:			
Revenue from external customers	140,019	18	140,037
Interest income	401	54	455
Write-down of inventories	(1,861)	–	(1,861)
Depreciation of property, plant and equipment	(1,783)	–	(1,783)
Depreciation of investment properties	–	(63)	(63)
Not included in the measure of segment loss but provided to CODM:			
Finance costs	(1,585)	–	(1,585)
Tax expense	(628)	(2)	(630)
Segment assets	96,447	36,776	133,223
Included in the measure of segment assets is:			
Additions to non-current assets other than financial instruments and deferred tax assets	2,067	–	2,067

Notes to the Financial Statements (Cont'd)

19. OPERATING SEGMENTS (CONT'D)

Group 2017	Retailing RM'000	Investment holding RM'000	Total RM'000
Segment profit/(loss)	2,543	(2,560)	(17)
Included in the measure of segment profit/(loss) are:			
Revenue from external customers	135,224	–	135,224
Reversal of compensation recoverable arising from acquisition of subsidiary	–	(1,437)	(1,437)
Interest income	452	24	476
Write-down of inventories	(95)	–	(95)
Depreciation of property, plant and equipment	(2,066)	–	(2,066)
Depreciation of investment properties	–	(13)	(13)
Not included in the measure of segment profit/(loss) but provided to CODM:			
Finance costs	(1,743)	–	(1,743)
Tax expense	(832)	(8)	(840)
Segment assets	105,202	28,191	133,393
Included in the measure of segment assets is:			
Additions to non-current assets other than financial instruments and deferred tax assets	2,533	–	2,533

Reconciliations of reportable segment profit or loss and assets

	Group 2018 RM'000	 2017 RM'000
Profit or loss		
Total loss for reportable segments	(3,828)	(17)
Elimination of inter-segment profits	–	(30)
Finance costs	(1,585)	(1,743)
Consolidated loss before tax	(5,413)	(1,790)
Assets		
Total assets for reporting segments	133,223	133,393
Elimination of inter-segment balances	(3,588)	–
Consolidated total assets	129,635	133,393

19. OPERATING SEGMENTS (CONT'D)

Geographical segments

The Group operates primarily in Malaysia and as such, no geographical segment disclosures are made.

Major customers

There are no major customer who contribute more than 10% of total revenue of the Group and as such, no information on major customers is presented.

20. FINANCIAL INSTRUMENTS

20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000
Group		
2018		
Financial assets		
Trade and other receivables	27,023	27,023
Cash and cash equivalents	26,597	26,597
	53,620	53,620
Financial liabilities		
Trade and other payables*	(17,510)	(17,510)
Loans and borrowings	(27,406)	(27,406)
	(44,916)	(44,916)
Company		
2018		
Financial assets		
Other receivables	3,589	3,589
Cash and cash equivalents	5,334	5,334
	8,923	8,923
Financial liabilities		
Other payables	(245)	(245)

* excludes GST payable.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.1 Categories of financial instruments (Cont'd)

Group **2017**	**Carrying amount RM'000**	**L&R/ (FL) RM'000**
Financial assets		
Trade and other receivables	21,471	21,471
Cash and cash equivalents	26,779	26,779
	48,250	48,250
Financial liabilities		
Trade and other payables*	(20,851)	(20,851)
Loans and borrowings	(30,975)	(30,975)
	(51,826)	(51,826)
Company		
2017		
Financial assets		
Other receivables	1	1
Cash and cash equivalents	737	737
	738	738
Financial liabilities		
Other payables	(532)	(532)

* excludes GST payable.

20.2 Net gains and losses arising from financial instruments

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Net (losses)/gains on:				
Loans and receivables	353	502	145	3
Financial liabilities measured at amortised cost	(1,026)	(2,259)	(14)	–
	(673)	(1,757)	131	3

20. FINANCIAL INSTRUMENTS (CONT'D)

20.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, which mainly comprise departmental stores where the Group sells their products through the consignment counters. The Company's exposure to credit risk arises principally from its advances to subsidiaries and financial guarantees given to banks for banking facilities granted to its subsidiaries, as well as to certain landlords and licensor in respect of lease agreements and licensing agreement entered into by the subsidiaries.

20.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables by geographic region as at the end of the reporting period is mainly domestic.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.4 Credit risk (Cont'd)

20.4.1 Receivables (Cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Not past due	20,029	–	20,029
Past due 1 - 60 days	5,610	(6)	5,604
Past due more than 60 days	438	(147)	291
	26,077	(153)	25,924
2017			
Not past due	15,655	–	15,655
Past due 1 - 60 days	4,387	–	4,387
Past due more than 60 days	444	(51)	393
	20,486	(51)	20,435

No allowance for impairment losses of trade receivables has been made for the remaining past due balances as the Group monitors the results and repayments of these customers regularly and is confident of the ability of the customers to repay the remaining balances.

The movement in the allowance for impairment losses of trade receivables during the financial year was:

	2018 RM'000	2017 RM'000
At 1 April	51	–
Impairment losses recognised	102	51
At 31 March	153	51

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.4 Credit risk (Cont'd)

20.4.2 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as well as to certain landlords and licensor in respect of lease agreements and licensing agreement entered into by the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries, repayments and payments made by the subsidiaries and compliance with the licensing agreement.

Exposure to credit risk, credit quality and collateral

For banking facilities granted to the subsidiaries, the maximum exposure to credit risk amounts to RM10,148,000 (2017: RM12,363,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period after deducting the value of collateral pledged.

For leasing of certain retail outlets, the Company provides unconditional and irrevocable corporate guarantees in favour of the landlords on the subsidiaries' due and punctual performance of the obligations in the lease agreements, and to indemnify the landlords against any and all losses, damages, costs and charges and expenses which the landlords may suffer incidental to the tenancy.

The Company also provides corporate guarantee in favour of a licensor in relation to a licensing agreement of a subsidiary to guarantee for any amounts owing by the subsidiary to the licensor, and to indemnify the licensor against any losses and damages sustained by the licensor as a result of any violation to the licensing agreement by the subsidiary.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment of banking facilities and rental payment, and violate the licensing agreement. Accordingly, the financial guarantees have not been recognised since the fair value on initial recognition was not material.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.4 Credit risk (Cont'd)

20.4.3 Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable.

20.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2018							
Non-derivative financial liabilities							
Trade and other payables	17,510	–	17,510	17,510	–	–	–
Finance lease liabilities	301	2.62 – 3.38%	331	92	82	145	12
Term loans - secured	6,866	*	7,952	2,800	1,989	3,163	–
Bank overdrafts - secured	4,837	**	4,837	4,837	–	–	–
Bankers' acceptances - secured	15,402	5.01 – 5.65 %	15,402	15,402	–	–	–
2017							
Non-derivative financial liabilities							
Trade and other payables	20,851	–	20,851	20,851	–	–	–
Finance lease liabilities	374	2.62 – 3.38%	423	92	92	195	44
Term loans - secured	6,082	*	6,908	2,589	1,993	2,326	–
Bank overdrafts - secured	2,341	**	2,341	2,341	–	–	–
Bankers' acceptances - secured	22,178	4.83 – 5.43%	22,178	22,178	–	–	–

* represents lenders' cost of funds plus 1.00 – 1.50%

** represents lenders' cost of funds plus 1.25 – 1.50%

20. FINANCIAL INSTRUMENTS (CONT'D)

20.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (Cont'd):

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
Company				
2018				
Non-derivative financial liabilities				
Other payables	245	–	245	245
2017				
Non-derivative financial liabilities				
Other payables	532	–	532	532

20.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

20.6.1 Currency risk

The Group is exposed to foreign currency risk on royalty payments to licensors that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk exposures.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.6 Market risk (Cont'd)

20.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2018	**2017**
	RM'000	**RM'000**
Trade and other payables	3,319	3,661

A 10% (2017:10%) strengthening of RM against USD at the end of the reporting period would have increase post-tax profit or loss by the amount shown below. This analysis is based on the foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2018	**2017**
	RM'000	**RM'000**
USD	252	278

A 10% (2017:10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

20.6.2 Interest rate risk

The Group's investments in fixed deposits placed with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek for alternative banking facilities which provide competitive interest rates to finance its working capital requirements.

20. FINANCIAL INSTRUMENTS (CONT'D)

20.6 Market risk (Cont'd)

20.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2018 RM'000	2017 RM'000
Group		
Fixed rate instruments		
Financial assets	13,893	13,027
Financial liabilities	(15,703)	(22,552)
Floating rate instruments		
Financial liabilities	(11,703)	(8,423)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on the interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables remain constant.

	Profit or loss			
	50 bp increase 2018 RM'000	50 bp decrease 2018 RM'000	50 bp increase 2017 RM'000	50 bp decrease 2017 RM'000
Floating rate instruments	(44)	44	(32)	32

20. FINANCIAL INSTRUMENTS (CONT'D)

20.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018										
Financial liabilities										
Finance lease liabilities	–	–	–	–	–	(311)	–	(311)	(311)	(301)
Term loans	–	–	–	–	–	(6,868)	–	(6,868)	(6,868)	(6,866)
2017										
Financial liabilities										
Finance lease liabilities	–	–	–	–	–	(393)	–	(393)	(393)	(374)
Term loans	–	–	–	–	–	(6,089)	–	(6,089)	(6,089)	(6,082)

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2017: no transfer in either directions).

21. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

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

		Group	
	Note	2018 RM'000	2017 RM'000
Trade and other payables	13	17,702	21,061
Loans and borrowings	12	27,406	30,975
		45,108	52,036
Less: Cash and cash equivalents	10	(26,597)	(26,779)
Net debt		18,511	25,257
Total equity		84,480	81,325
Debt-to-equity ratio		0.22	0.31

There was no change in the Group's approach to capital management during the financial year.

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

The Group is required to maintain a maximum gearing ratio of 1.25 times to comply with covenants of certain term loans, failing which, the banks may call an event of default.

22. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :-

	Group	
	2018 RM'000	2017 RM'000
Less than one year	2,077	1,608
Between one and five years	1,647	617
	3,724	2,225

The Group leases a number of properties under operating leases. The leases typically run for a period of three years, with an option to renew the leases after that date.

Contingent rent recognised as an expense amounted to RM43,000 (2017: RM nil).

23. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationships with its subsidiaries, companies in which certain former Directors have significant financial interests, a firm in which a Director is a member and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 13.

		Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
A.	**Subsidiaries**				
	Dividend income	–	–	–	30
	Interest income	–	–	92	–
B.	**Companies in which certain former Directors have significant financial interests**				
	Sale of goods	3,171	2,081	–	–
	Royalty expense	(36)	(1,670)	–	–
	Purchase of goods	(59)	(44)	–	–
	Sub-licensing income	45	–	–	–
	Commission income	6	–	–	–
C.	**A firm in which a Director is a member**				
	Legal fees	–	(11)	–	–
D.	**Key management personnel**				
	Directors				
	- Directors' fee	125	107	125	107
	- Directors' remuneration	319	497	48	135
	- Post-employment benefits	33	55	–	12

The estimated monetary value of Directors' benefit-in-kind is RM13,000 (2017: RM13,000).

24. ACQUISITION OF SUBSIDIARY

In 2016, the Group entered into a Share Sale Agreement with a third party to acquire the entire equity interest in Active Fit Sdn. Bhd. ("AFSB").

Under the term of the Share Sale Agreement, the vendors of AFSB provided a profit after tax ("PAT") guarantee of RM2,500,000 for AFSB's financial year ended 30 June 2016. In 2016, the management assessed the contingent consideration in light of the lower PAT achieved by AFSB and recognised a financial asset of RM1,542,000 representing compensation recoverable from the vendors of AFSB.

In 2017, the management re-assessed the contingent consideration based on the audited PAT of AFSB for the financial year ended 30 June 2016. Based on the audited PAT of RM2,395,000 achieved by AFSB, the vendors of AFSB have compensated the shortfall of the profit guarantee of RM105,000. The difference between the compensation recoverable from the vendors of AFSB recognised in 2016 and the actual compensation received has been recognised in profit or loss in 2017.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 55 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Loke Lee Ping
Director

Chua Jin Kau
Director

Kuala Lumpur,

Date: 27 July 2018

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Lui Boo Hock, the officer primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 55 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lui Boo Hock, NRIC: 690410-10-5667, MIA CA 15939, at Kuala Lumpur in the Federal Territory on 27 July 2018.

Lui Boo Hock

Before me:
Samugam Vassoo
No. W632
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD

(Company No. 337554 - D)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill	
Refer to Note 2(f) - Significant accounting policy: Intangible assets and Note 5 – Intangible assets.	
The key audit matter	**How the matter was addressed in our audit**
At 31 March 2018, the Group's consolidated statement of financial position includes goodwill amounting to RM24.67 million, arising from a cash generating unit ("CGU"). Impairment of goodwill is considered to be a key audit matter due to the significance of the goodwill amount to the Group's consolidated statement of financial position and of the judgement involved in the assessment of the recoverable amount of the CGU by the Group. The recoverable amount was determined based on the value in use of the CGU. The judgemental areas include the future results of the CGU and the discount rates applied to the cash flow projections.	Our procedures included, amongst others: • We assessed the Group's assumptions and estimates used to determine the value in use of the CGU, including those relating to sales growth, cost, terminal growth and discount rates by corroborating the key market related assumptions to external data and budgeted forecast based on historical results; • We assessed the historical accuracy of the cash flow projections of the Group;

Independent Auditors' Report (Cont'd)

Key Audit Matters (CONT'D)

Impairment of goodwill (Cont'd)	
Refer to Note 2(f) - Significant accounting policy: Intangible assets and Note 5 – Intangible assets (Cont'd)	
The key audit matter	**How the matter was addressed in our audit**
	Our procedures included, amongst others (Cont'd) : • We engaged KPMG valuation specialists when considering the appropriateness of the discount rates applied in the cash flow projections and the reasonableness of the calculated earnings (EBITDA) multiple; • We assessed the sensitivity analysis prepared by the Group on key assumptions and estimates, i.e. sales growth, cost, discount rates and terminal growth in the cash flow projections; and • We considered the adequacy of the Group's disclosures in relation to the impairment assessment of goodwill.

Valuation of inventories	
Refer to Note 2(h) - Significant accounting policy: Inventories and Note 8 – Inventories.	
The key audit matter	**How the matter was addressed in our audit**
The Group sells leather products, apparels and accessories which are subject to changing consumer demands and fashion trends, therefore increasing the level of judgement involved in estimating inventory provisions (inventory amount as at 31 March 2018 is RM36.40 million). We have identified valuation of inventories as a key audit matter because the judgement made by the Group in determining an appropriate level of provisioning for items which may be ultimately sold below cost as a result of changing consumer demands and fashion trends involves expectations and plans for future sales.	Our procedures included, amongst others: • We assessed the basis for the inventory provisions and the consistency of provisioning with the Group policy; • We checked whether items in the inventory ageing report were classified within the appropriate ageing bracket; • We tested the provision calculations and determined that they appropriately took into account the ageing profile of inventories; and • We compared post year-end sales prices to determine if the inventories were stated at lower of cost and net realisable value. For items where there were no post year-end sales, we checked to the most recent sales during the year and the current recommended retail selling prices.

Independent Auditors' Report (Cont'd)

Key Audit Matters (CONT'D)

<table>
<tr><th colspan="2">Impairment of investments in subsidiaries</th></tr>
<tr><td colspan="2">Refer to Note 1(d)(ii) – Impairment of investments in subsidiaries and Note 6 – Investments in subsidiaries.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>At 31 March 2018, the Company's statement of financial position includes investments in subsidiaries amounting to RM37.34 million. The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment.

A subsidiary which operates in apparel industry has recorded losses during the financial year due to poor sales and weak consumer sentiment.

Impairment of investment in the subsidiary is considered to be a key audit matter due to the significance of the investment amount to the Company's statement of financial position and of the judgement involved in the assessment of the recoverable amount of the investment by the Company. The recoverable amount was determined based on the value in use of the loss making subsidiary. The judgemental areas include the future results of the subsidiary and the discount rate applied to the cash flow projection.</td><td>Our procedures included, amongst others:

• We inspected the Company's assessment on investments in subsidiaries for any indication of impairment;
• We assessed the Company's assumptions and estimates used to determine the value in use of the subsidiary, including those relating to sales growth, cost, terminal growth and discount rates by corroborating the key market related assumptions to external data and budgeted forecast based on historical results;
• We assessed the historical accuracy of the cash flow projections prepared by the Company;
• We assessed the sensitivity analysis prepared by the Company on key assumptions and estimates, i.e. sales growth, cost, terminal growth and discount rates in the cash flow projections; and
• We considered the adequacy of the Company's disclosures in relation to the impairment assessment of investments in subsidiaries.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Cont'd)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2019 J
Chartered Accountant

Petaling Jaya

Date: 27 July 2018

LIST OF PROPERTIES
AS AT 31 MARCH 2018

Location	Description/ Existing use	Tenure	Approximate Land/ Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2018 (RM'000)	Date of revaluation
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office	Leasehold expiring on 29/06/2087	17,835	29	2,351	14/11/2017
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Office	Leasehold expiring on 09/06/2096	452	21	485	12/12/2017

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018

Type of Securities	:	Ordinary Shares
Issued Share Capital	:	81,900,000 Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	1,526

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	19	1.25	489	0.00
100 to 1,000	51	3.34	21,277	0.03
1,001 – 10,000	1,016	66.58	4,025,085	4.91
10,001 – 100,000	370	24.25	10,683,000	13.04
100,001 – less than 5% of issued shares	64	4.19	37,139,703	45.35
5% and above of issued shares	6	0.39	30,030,446	36.67
Total	**1,526**	**100.00**	**81,900,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest No. of Shares held	%	Indirect Interest No. of Shares held	%
1.	Teoh Hwa Peng	23,998	0.03	18,411,148 (1)	22.48
2.	Tan Sok Gim	–	–	18,435,146 (1)	22.51
3.	Angsana Inai Sdn. Bhd.	18,411,148	22.48	-	-
4.	Konwa Industrial Sewing Machine (M) Sdn. Bhd.	7,271,550	8.88	-	-
5.	Lim Chin Hua Holdings Sdn. Bhd.	–	–	7,271,550 (1)	8.88
6.	Lim Chin Hua	–	–	7,271,550 (1)	8.88
7.	Lee Kuai Fong	–	–	7,271,550 (1)	8.88
8.	Ihsan Bin Osman	4,323,750	5.28	3,714,500 (1)	4.54

(1) Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest No. of Shares held	%	Indirect Interest No. of Shares held	%
Saffie Bin Bakar	–	–	–	–
Tan Yew Kim	–	–	–	–
Loke Lee Ping	–	–	–	–
Lee Kok Heng	–	–	–	–
Chua Jin Kau	–	–	–	–

Analysis of Shareholdings (Cont'd)

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 29 JUNE 2018

(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Shares	%
1	Angsana Inai Sdn. Bhd.	18,411,148	22.48
2	Konwa Industrial Sewing Machine (M) Sdn. Bhd.	7,271,550	8.88
3	Yew Kuok Yee	3,804,406	4.65
4	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Wong Weng Kung*	3,140,600	3.83
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ihsan Bin Osman*	3,092,250	3.78
6	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Heng Kear Huat*	2,455,500	3.00
7	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Datin Soh Yoke Hong*	2,108,550	2.57
8	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teoh Teng Guan*	2,000,000	2.44
9	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Poh Thiam Seong*	1,805,250	2.20
10	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Kee Son*	1,682,800	2.05
11	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Siti Esa Binti AB Rahim*	1,599,300	1.95
12	Tan Yun Harn	1,425,000	1.74
13	Malacca Equity Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Rezwan Bin Ihsan*	1,344,800	1.64
14	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ihsan Bin Osman*	1,169,900	1.43
15	Teoh Teng Chye	1,089,700	1.33
16	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Gim Leong*	868,950	1.06
17	Malacca Equity Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Elena Binti Ihsan*	770,400	0.94
18	Ng Sze Soon	750,000	0.92
19	Sieh Kok Jiun @ Chea Kok Jiunn	733,650	0.90
20	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Loo Swee Loong*	532,500	0.65
21	Lee Chee Beng	488,700	0.60
22	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Heng Kear Huat*	473,700	0.58
23	Khoo Loon See	468,000	0.57
24	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teoh Kok Heng*	457,100	0.56
25	CIMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kong Yaw*	410,500	0.50
26	Lim Boon Kang	410,000	0.50
27	Ding Nyok Choo	390,000	0.48
28	Lum Peng Leong	384,650	0.47
29	Lim Teik Beng	378,000	0.46
30	Thuraya Binti HJ Kassim	325,647	0.40
		60,242,551	73.56

ANALYSIS OF WARRANT HOLDINGS
AS AT 29 JUNE 2018

Type of Securities	:	Warrants
Total No. of Unexercised Warrants	:	40,950,000

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No. of Warrant Held	%
Less than 100	46	2.97	2,445	0.01
100 to 1,000	269	17.35	192,839	0.47
1,001 – 10,000	845	54.52	2,735,467	6.68
10,001 – 100,000	323	20.84	12,274,524	29.97
100,001 – less than 5% of issued warrant	66	4.26	21,851,950	53.36
5% and above of issued warrant	1	0.06	3,892,775	9.51
Total	**1,550**	**100.00**	**40,950,000**	**100.00**

LIST OF DIRECTORS' WARRANT HOLDINGS

	Direct		Indirect	
Name of Directors	**No. of Warrants Held**	**%**	**No. of Warrant Held**	**%**
Saffie Bin Bakar	–	–	–	–
Tan Yew Kim	–	–	–	–
Loke Lee Ping	–	–	–	–
Lee Kok Heng	–	–	–	–
Chua Jin Kau	–	–	–	–

TOP THIRTY (30) WARRANT HOLDERS AS AT 29 JUNE 2018
(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Warrants	%
1	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Gim Leong*	3,892,775	9.51
2	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Kee Son*	1,626,650	3.97
3	Lee Sey Liang	1,521,800	3.72
4	Lim Poh Fong	1,520,600	3.71
5	Yong Siew Ngee	1,457,900	3.56
6	Lim Tong Liam	981,975	2.40
7	Wong Saw Woon	900,000	2.20
8	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Weng Kung*	811,050	1.98
9	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liang Tek Ling*	808,250	1.97
10	Lim Ken Hong	500,000	1.22
11	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chew Thian Kay*	500,000	1.22

Analysis of Warrant Holders (Cont'd)

LIST OF TOP THIRTY (30) WARRANT HOLDERS AS AT 29 JUNE 2018 (CONT'D)
(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Warrants	%
12	Lim Tong Liam	404,900	0.99
13	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Chiong*	400,000	0.98
14	Ng Sze Soon	375,000	0.92
15	Sieh Kok Jiun @ Chea Kok Jiunn	366,825	0.90
16	Cheah Swee Keat	365,400	0.89
17	Yong Kwok Hsiung	347,300	0.85
18	Lim Cheng Ten	300,000	0.73
19	Hee Lin Ruey Jean	299,700	0.73
20	Monalissa @ Selamah Binti Kuthar Bhaks	280,000	0.68
21	Boon Kim Yu	276,200	0.67
22	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Leong Thim Choy*	257,000	0.63
23	Lyncher Wung Wei Fong	250,000	0.61
24	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ling Hwa Chai*	250,000	0.61
25	Tan Kok Keat	250,000	0.61
26	Vikki Au Wen-Chi	250,000	0.61
27	Goo Siew Luang	246,100	0.60
28	Tan Yun Harn	229,000	0.56
29	Khoo Loon See	228,000	0.56
30	HLIB Nominees (Tempatan) Sdn. Bhd. *Hong Leong Bank Bhd for Tong Yew Ban*	226,700	0.55
		20,123,125	49.14

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PROXY FORM

I/We, ____ NRIC No./Passport No./Company No. ____________________

of ____

being a member/members of MESB Berhad hereby appoint ____

NRIC No./Passport No.____________________________ of ____

____

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

____

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Twenty- Third Annual General Meeting of the Company to be held at Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 27 September 2018 at 9:30 a.m. and at any adjournment thereof.

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

Item	Resolutions		For	Against
1.	To re-elect Tan Yew Kim as a Director.	Ordinary Resolution 1		
2.	To re-elect Loke Lee Ping as a Director.	Ordinary Resolution 2		
3.	To approve the Directors' fees for the financial year ended 31 March 2018.	Ordinary Resolution 3		
4.	To approve the payment of Directors' Remuneration for period from 28 September 2018 until the next Annual General Meeting.	Ordinary Resolution 4		
5.	To re-appoint KPMG PLT as the Auditors of the Company.	Ordinary Resolution 5		
6.	Proposed Renewal of Shareholders' Mandate.	Ordinary Resolution 6		
7.	Continuing in Office as Independent Non-Executive Director - Encik Saffie Bin Bakar.	Ordinary Resolution 7		
8.	Authority to Issue and Allot Shares.	Ordinary Resolution 8		
9.	Proposed Adoption of New Company's Constitution.	Special Resolution 1		

Dated this day of 2018

No. of shares held	
CDS Account No	
Contact No.	

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

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

First named proxy %
Second named proxy %

100 %

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

*Delete whichever is not applicable.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be 20 September 2018.

Please fold here

Affix
Stamp

The Share Registrar
MESB Berhad
(Company No.: 337554-D)
c/o Symphony Share Registrars Sdn. Bhd.
Level 6 Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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MESB
BERHAD
337554-D

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