

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	CURRENT QUARTER ENDED 30/09/2018 RM'000	COMPARATIVE QUARTER ENDED 30/09/2017 RM'000	6 Months CUMULATIVE TO 30/09/2018 RM'000	6 Months CUMULATIVE TO 30/09/2017 RM'000
CONTINUING OPERATIONS				
Revenue	28,444	N/A	76,193	N/A
Operating Expenses	(32,319)	N/A	(75,682)	N/A
Other Income	157	N/A	260	N/A
Profit/(loss) from Operations	(3,718)	N/A	771	N/A
Finance costs	(406)	N/A	(862)	N/A
Share of results of an associate	-	N/A	-	N/A
Profit/(loss) before tax	(4,124)	N/A	(91)	N/A
Taxation	527	N/A	(296)	N/A
Profit/(loss) after taxation from continuing operations	(3,597)	N/A	(387)	N/A
DISCONTINUED OPERATIONS				
Profit/(loss) after taxation from discontinued operations	-	N/A	-	N/A
Profit/(loss) after taxation	(3,597)	N/A	(387)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income/(expenses) for the year/period	(3,597)	N/A	(387)	N/A
Net profit/(loss) attributable to :				
Equity holders of the parent	(3,597)	N/A	(387)	N/A
Minority interests	-	N/A	-	N/A
	(3,597)	N/A	(387)	N/A
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	(3,597)	N/A	(387)	N/A
Minority interest	-	N/A	-	N/A
	(3,597)	N/A	(387)	N/A
Earnings/(Loss) per share (sen)				
(a) Basic				
- continuing operations	(4.39)	N/A	(0.47)	N/A
- discontinued operations	-	N/A	-	N/A
(b) Diluted				
- continuing operations	-	N/A	-	N/A
- discontinued operations	-	N/A	-	N/A
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	28,444	N/A	76,193	N/A
- discontinued operations	-	N/A	-	N/A
	28,444	N/A	76,193	N/A

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018)

MESB BERHAD (337554-D)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018**

	AS AT 30/09/2018 RM'000	AS AT 31/03/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	6,257	6,380
Investment property	2,804	2,836
Intangible asset	25,168	25,168
Deferred Taxation	0	0
Total non-current assets	<u>34,229</u>	<u>34,384</u>
Current Assets		
Inventories	49,880	36,399
Debtors	22,553	28,414
Current tax assets	4,172	3,841
Cash and bank balances	24,868	26,597
	<u>101,473</u>	<u>95,251</u>
Total Assets	<u>135,702</u>	<u>129,635</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent :		
Share capital	51,240	51,240
Reserves	32,853	33,240
Total equity	<u>84,093</u>	<u>84,480</u>
Non-current liabilities		
Long term borrowings	3,900	4,750
Deferred tax liabilities	47	47
	<u>3,947</u>	<u>4,797</u>
Current Liabilities		
Creditors	26,930	17,702
Short-term borrowings	20,732	22,656
Taxation	0	0
	<u>47,662</u>	<u>40,358</u>
Total liabilities	<u>51,609</u>	<u>45,155</u>
Total equity and liabilities	<u>135,702</u>	<u>129,635</u>
 Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.03</u>	<u>1.03</u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018)

MESB BERHAD (337554-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	<-- Attributable to equity holders of the parent -->				Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Capital Reserve RM'000	
At 1 April 2018 : -	51,240	-	33,240	-	84,480
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(387)	-	(387)
At 31 September 2018	<u>51,240</u>	<u>-</u>	<u>32,853</u>	<u>-</u>	<u>84,093</u>
At 1 April 2017 : -	42,042	-	39,283	-	81,325
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(2,385)	-	(2,385)
At 30 September 2017	<u>42,042</u>	<u>-</u>	<u>36,898</u>	<u>-</u>	<u>78,940</u>

(The above Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018)

MESB BERHAD (337554-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	6 Months ENDED 30/09/2018 RM'000	12 Months ENDED 31/03/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	(91)	(5,413)
Adjustments for :-		
Allowance for impairment losses on receivables	-	102
Impairment loss of goodwill	-	-
Depreciation of property, plant and equipments	895	1,783
Depreciation of investment property	32	63
Interest expenses	862	1,585
Written off plant and equipment	12	859
Bad debts written off	-	-
Inventories written down/(back)	(554)	1,861
Gain on disposal of property and equipment	-	4
Net unrealised foreign exchange loss/(gain)	-	(164)
Reversal of compensation revocable arising from acquisition of subsidiary	-	-
Interest income	(225)	(455)
Operating profit before working capital and non-current assets changes	931	225
Changes in inventories	(12,927)	7,854
Changes in trade and other receivables	5,811	(6,164)
Changes in trade and other payables	9,277	(3,195)
Cash from/(for) operating activities	3,092	(1,280)
Income tax(paid)/ refunded	(626)	(1,353)
Interest paid	(862)	(1,585)
Net cash from/(used in) operating activities	1,604	(4,218)
Cash Flow From Investing Activities		
Compensation received arising from acquisition of subsidiary	-	-
Purchase of property, plant and equipment	(784)	(2,067)
Interest received	225	455
Upliftment/(Placement) of fixed deposits pledged	(1,283)	(866)
Proceeds from disposal of property, plant and equipment	-	19
Net cash/(used in) from investing activities	(1,842)	(2,459)
Net Cash Flow from/(used in) financing activities		
Drawdown/(repayment) of bankers' acceptances	2,525	(6,776)
Repayment of finance lease liabilities	(39)	(73)
(Repayment)/drawdown of term loans	(1,390)	784
Proceeds from issue of share capital	-	9,198
	1,096	3,133
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	858	(3,544)
Cash and cash equivalents at beginning of the year	7,867	11,411
Cash and cash equivalents at end of the period	8,725	7,867
Note :		
The Cash & Cash Equivalents comprise of the following :-		
	6 Months ENDED 30/09/2018 RM'000	12 Months ENDED 31/03/2018 RM'000
Deposits with licensed banks	15,175	13,893
Less Pledged deposits	(15,175)	(13,893)
	-	-
Cash and bank balances	9,527	12,540
Highly liquid investments with financial institutions	166	164
Bank Overdraft	(988)	(4,837)
	8,725	7,867

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018)

MESB BERHAD (337554-D)
Interim Financial Report for the Financial Period Ended 30 September 2018

The figures have not been audited.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS 134”)

A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2018.

The significant accounting policies and presentation adopted by the Group and the Company for the quarterly financial statements are consistent with those adopted in the Group’s and the Company’s consolidated audited financial statements for the financial year ended 31 March 2018.

The Group has adopted the following MFRSs and amendments to MFRSs issued by the Malaysian with effective date from 1 January 2018, where applicable:-

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*

The adoption of the above accounting standards, amendments or interpretations did not have material impact to the financial statements of the Company and the Group.

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 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*

This standard is not relevant and applicable to the Group.

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.

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.

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

The operations of the Group, other than the retailing division, are not subject to any seasonal or cyclical changes. The retail segment will benefit from higher consumer spending during festivals, school holidays and carnival sales.

A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

A5. CHANGES IN ESTIMATES OF AMOUNT REPORTED PREVIOUSLY

There were no changes in estimates of amount reported in prior interim periods of the current financial period or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

A7. DIVIDENDS PAID

There were no dividends paid during the period under review.

A8. SEGMENTAL INFORMATION

	Current Year Quarter 30/09/18 RM'000	Cumulative Year To Date 30/09/18 RM'000
Segment Revenue		
- Investment Holding	7	18
- Retailing	28,464	76,276
Total Revenue	<u>28,471</u>	<u>76,294</u>
Segment Revenue		
- Investment Holding	-	-
- Retailing	(27)	(101)
Inter-Segment Revenue	<u>(27)</u>	<u>(101)</u>
Segment Revenue		
- Investment Holding	7	18
- Retailing	28,437	76,175
External Revenue	<u>28,444</u>	<u>76,193</u>
Segment profit/(Loss)		
- Investment Holding	(121)	(149)
- Retailing	(3,597)	920
	(3,718)	771
Finance costs	(406)	(862)
Consolidated profit/(loss) before taxation	<u>(4,124)</u>	<u>(91)</u>

	As at 30/9/2018 RM'000	As at 30/9/2017 RM'000
Assets/Liabilities		
Segment assets ⁽ⁱ⁾		
- Investment Holding	36,340	27,975
- Retailing	99,362	100,676
	<u>135,702</u>	<u>128,651</u>
Segment liabilities ⁽ⁱⁱ⁾		
- Investment Holding	247	550
- Retailing	51,362	49,161
	<u>51,609</u>	<u>49,711</u>

(i) Segment assets - The total of segment assets is measured based on all assets (including goodwill, deferred tax asset and current tax assets) of a segment.

(ii) Segment liabilities - The total of segment liabilities is measured based on all liabilities (including tax liabilities and deferred tax liabilities) of a segment.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuation of land and buildings had been brought forward without amendment from the previous annual audited report.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 30 September 2018.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial period ended 30 September 2018.

A12. CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 September 2018 are as follows:-

	As at 30/09/2018 RM'000	As at 30/09/2017 RM'000
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	24,371	24,104

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 30 September 2018 are as follows:

Transaction parties	Nature of transaction	As at 30/09/2018 RM'000
MX Too Sdn Bhd	Sale and Purchase of products	2
Roncato Sdn Bhd	Sale of products	275
Branded Platform Sdn Bhd	Sale of products	1,818

The above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.

MESB BERHAD (337554-D)

Interim Financial Report for the Financial Period Ended 30 September 2018

NOTES TO THE INTERIM FINANCIAL REPORT**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. PERFORMANCE REVIEW**

	Current Year Quarter 30/09/18 RM'000	Cumulative Year To Date 30/09/18 RM'000
Segment Revenue		
- Investment Holding	7	18
- Retailing	28,437	76,175
	<u>28,444</u>	<u>76,193</u>
Segment profit/(Loss)	-	
- Investment Holding	(121)	(149)
- Retailing	(3,597)	920
	<u>(3,718)</u>	<u>771</u>

For the current quarter under review, the Group recorded a revenue of RM28.44 million and a loss before taxation of RM4.12 million.

Retailing Segment

The Retailing Segment reported a revenue and net loss of RM28.44 million and RM3.60 million respectively in the current quarter ended 30 September 2018.

Investment Holding Segment

The Investment Holding Segment reported a loss of RM0.12 million for the quarter under review.

There is no preceding year's corresponding period comparison due to the change in the financial year end from 31 March to 30 June as announced on 23 August 2018.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 30/09/2018 RM'000	Immediate Preceding Quarter 30/06/2018 RM'000	Changes	
			RM'000	%
Revenue	28,444	47,749	(19,305)	(40.43)
Profit/(loss) from Operations before Interest and Tax	(3,718)	4,489	(8,207)	(182.82)
Profit/(loss) before tax	(4,124)	4,033	(8,157)	(202.26)
Profit/(Loss) after tax	(3,597)	3,210	(6,807)	(212.06)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,597)	3,210	(6,807)	(212.06)

The Group revenue was decreased by 40.43% to RM28.44 million in the current quarter ended 30 September 2018 as compared to RM47.75 million in the immediate preceding quarter ended 30 June 2018, while the Group recorded a loss before tax of RM4.12 million in the current quarter ended 30 September 2018 as compared to a profit before tax of RM4.03 million in the preceding quarter. The decreases were mainly due to the timing of the Hari Raya holiday, which fell in the preceding quarter ended 30 June 2018.

B3. COMMENTARY ON PROSPECTS

We remains confident in the outlook and achieving our objectives and strategy. Despite the retailing conditions are expected remain challenging in the coming financial year due to intense competition from both local and foreign brands and weak consumer spending.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation charge included the following:

	Current Quarter RM'000	Cumulative Year To Date RM'000
In respect of current period		
- income tax	(527)	296
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	-	-
	<u>(527)</u>	<u>296</u>

The Group's effective tax rate for financial year/period was higher than the statutory tax rate mainly due to profit of certain subsidiaries which subject to tax and certain expenses not claimable as tax deductions.

B6. CORPORATE PROPOSALS

The Company had on 9 October 2017 announced completion of the private placement of 12,600,000 new ordinary shares of RM0.73 each in MESB to independent third party investors ("Private Placement"). Subsequently, the period of time for the utilisation of the balance of the proceeds from the Private Placement was extended as announced on 5 October 2018 and 10 October 2018.

The status of the utilisation of proceeds from Private Placement at the end of 30 September 2018 are as follow:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Variance (ii) (RM'000)	Balance Proceeds RM'000	Intended/* Extended Timeframe for utilisation
Working capital	2,498	(2,530)	32	-	Within 6 months from the completion of the Proposed Private Placement
Business expansion	6,500	(5,565)		935 ⁽ⁱ⁾	* Within 12 months from 8 October 2018 to 9 October 2019
Expenses related to the Private Placement	200	(168)	(32)		Within 1 month from the completion of the Proposed Private Placement
Total	9,198	(8,263)	-	935	

(i) the balance proceeds is expected to be fully utilized within the extended timeframe.

(ii) As announced, the excess amount of RM32,000 allocated for expenses related to Private Placement has been re-allocated and utilised for working capital.

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 September 2018 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	78	
Bankers' acceptance	1,759	
Term loans	17,927	
Bank overdraft	968	20,732
Long Term		
Hire purchase creditors	183	
Term Loans	3,717	3,900
Total		<u>24,632</u>

Group borrowings include hire purchase, which are classified as secured borrowings. All the Group borrowings are in Malaysian currency.

B8. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation since the last balance sheet included in the annual audited financial statements up to the date of this report.

B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 30 September 2018.

B10. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue as follows :-

	Current Quarter	Cumulative Year to Date
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(3,597)	(387)
Weighted average number of ordinary shares (in thousand)	81,900	81,900
Basic earnings/(loss) per share (sen)	(4.39)	(0.47)

B11. PROFIT FOR THE PERIOD

	Current Quarter RM'000	Cumulative Year To Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	126	225
Other income	13	17
Inventories write back/(write down)	278	554
Interest expenses	(406)	(862)
Depreciation and amortisation	(469)	(927)
Write off plant and equipment	-	(12)
	<u>(458)</u>	<u>(1,005)</u>

Other disclosure items pursuant to Note 16 of the Appendix 9B of the Main Market Listing Requirements are not applicable.

B12. AUTHORISATION FOR ISSUE

The Interim Financial Statement and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors.