

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	CURRENT QUARTER ENDED 31/12/2019 RM'000	COMPARATIVE QUARTER ENDED 31/12/2018 RM'000	6 Months CUMULATIVE TO 31/12/2019 RM'000	6 Months CUMULATIVE TO 31/12/2018 RM'000
<b>CONTINUING OPERATIONS</b>				
Revenue	53,745	N/A	85,971	N/A
Operating Expenses	(49,544)	N/A	(85,591)	N/A
Other Income	127	N/A	307	N/A
Profit/(loss) from Operations	4,328	N/A	687	N/A
Finance costs	(426)	N/A	(899)	N/A
Share of results of an associate	-	N/A	-	N/A
Profit/(loss) before tax	3,902	N/A	(212)	N/A
Taxation	(853)	N/A	(854)	N/A
Profit/(loss) after taxation from continuing operations	3,049	N/A	(1,066)	N/A
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) after taxation from discontinued operations	-	N/A	-	N/A
Profit/(loss) after taxation	3,049	N/A	(1,066)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income/(expenses) for the year/period	3,049	N/A	(1,066)	N/A
Net profit/(loss) attributable to :				
Equity holders of the parent	3,049	N/A	(1,066)	N/A
Minority Interests	-	N/A	-	N/A
	3,049	N/A	(1,066)	N/A
Total comprehensive income/(expenses) attributable to :				
Owners of the Company	3,049	N/A	(1,066)	N/A
Minority interest	-	N/A	-	N/A
	3,049	N/A	(1,066)	N/A
Earnings/(Loss) per share (sen)				
<b>(a) Basic</b>				
- continuing operations	3.69	N/A	(1.29)	N/A
- discontinued operations	-	N/A	-	N/A
<b>(b) Diluted</b>				
- continuing operations	-	N/A	-	N/A
- discontinued operations	-	N/A	-	N/A
Note no. 1 ** - Revenue consists of the following :-				
- continuing operations	53,745	N/A	85,971	N/A
- discontinued operations	-	N/A	-	N/A
	53,745	N/A	85,971	N/A

(The above Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

**MESB BERHAD [Registration No.: 199501008356 (337554-D)]****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	AS AT 31/12/2019 RM'000	AS AT 30/06/2019 RM'000
<b>ASSETS</b>		
Non-current assets		
Property, plant & equipment	5,996	6,477
Investment property	2,725	2,757
Right-use assets	1,435	0
Deferred Tax Assets	182	182
Intangible asset	25,168	25,168
Total non-current assets	<u>35,506</u>	<u>34,584</u>
Current Assets		
Inventories	68,907	54,650
Debtors	34,414	43,065
Current tax assets	428	3,757
Cash and bank balances	28,150	21,779
Total Assets	<u>131,899</u> <u>167,405</u>	<u>123,251</u> <u>157,835</u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent :		
Share capital	55,150	51,240
Reserves	<u>39,701</u>	<u>40,767</u>
Total equity	<u>94,851</u>	<u>92,007</u>
Non-current liabilities		
Long term borrowings	2,166	2,688
Deferred tax liabilities	0	0
Lease liabilities	<u>380</u>	<u>0</u>
	<u>2,546</u>	<u>2,688</u>
Current Liabilities		
Creditors	40,557	32,880
Short-term borrowings	26,478	28,762
Lease liabilities	1,075	0
Taxation	<u>1,898</u>	<u>1,498</u>
	<u>70,008</u>	<u>63,140</u>
Total liabilities	<u>72,554</u>	<u>65,828</u>
Total equity and liabilities	<u>167,405</u>	<u>157,835</u>
Net Assets per share attributable to ordinary equity holders of the parent(RM)		
	<u>1.04</u>	<u>1.12</u>

(The above Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

MESB BERHAD [Registration No.: 199501008356 (337554-D)]

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	<-- 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 July 2019 :-	51,240	-	40,767	-	92,007
Issued of shares pursuant to the private placement	3,910				3,910
Profit/(loss) after taxation /Total comprehensive income/(expenses) for the financial year	-	-	(1,066)	-	(1,066)
At 31 December 2019	<u>55,150</u>	<u>-</u>	<u>39,701</u>	<u>-</u>	<u>94,851</u>

(The above Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

MESB BERHAD [Registration No.: 199501008356 (337554-D)]

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

6 Months  
ENDED  
31/12/2019  
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/loss before taxation	(212)
Adjustments for :-	
Impairment losses on receivables	-
Depreciation and amortisation	1,498
Finance costs	899
Written off plant and equipment	157
Inventories written down/(back)	(15)
Gain on disposal of property and equipment	-
Net unrealised foreign exchange loss/(gain)	-
Finance income	(227)
Operating profit before working capital and non-current assets changes	<u>2,100</u>
Changes in inventories	(14,242)
Changes in trade and other receivables	8,651
Changes in trade and other payables	<u>7,677</u>
Cash from/(for) operating activities	<u>4,186</u>
Income tax( paid)/ refunded	2,874
Interest paid	(899)
Net cash from/(used in) operating activities	<u>6,161</u>
 Cash Flow From Investing Activities	
Acquisition of property, plant and equipment	(552)
Interest received	227
Upliftment/(Placement) of fixed deposits pledged	(2,265)
Proceeds from disposal of property, plant and equipment	-
Net cash/(used in) from investing activities	<u>(2,590)</u>
 Net Cash Flow from/(used in) financing activities	
Drawdown/(repayment) of bankers' acceptances	(188)
Repayment of finance lease liabilities	(35)
(Repayment)/drawdown of term loans	(905)
Issue shares pursuant a private placement	3,910
Payment of lease liabilities	(570)
	<u>2,212</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>5,783</u>
 Cash and cash equivalents at beginning of the year	<u>(968)</u>
 Cash and cash equivalents at end of the period	<u><u>4,815</u></u>

Note :

The Cash & Cash Equivalents comprise of the following :-

	6 Months ENDED 31/12/2019 RM'000
Deposits with licensed banks	18,154
Less Pledged deposits	<u>(18,154)</u>
	-
Cash and bank balances	9,825
Highly liquid investments with financial institutions	171
Bank Overdraft	<u>(5,181)</u>
	<u>4,815</u>

(The above Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2019)

**MESB BERHAD [Registration No.: 199501008356 (337554-D)]**  
**Interim Financial Report for the Financial Period Ended 31 December 2019**

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 period ended 30 June 2019 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 period ended 30 June 2019.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board 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 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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

- MFRS 17, *Insurance Contracts*

**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 adopted MFRS 16 using modified retrospective approach and measured the right-of-use assets equals to the lease liabilities at 1 July 2019 with no restatement of comparative information.

The effect of adoption of MFRS 16 to the Group as at 1 July 2019 is as follows:

Consolidated Statement of Financial Position			
	As at 30 June 2019 RM'000	Adjustment RM'000	After MFRS 16 Adoption as at 1 July 2019 RM'000
<b>Assets</b>			
Right-of-use assets	-	1,993	1,993
<b>Liabilities</b>			
Lease Liabilities	-	(1,993)	(1,993)

**A2. AUDIT REPORT QUALIFICATION**

The audit report on the financial statements for the financial period ended 30 June 2019 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 amounts reported in prior financial years that have a material effect in the current quarter and financial year-to-date.

**A6. DEBTS AND EQUITY SECURITIES**

Save as disclosed in Note B6, 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 31/12/19 RM'000	Cumulative Year To Date 31/12/19 RM'000
<b>Segment Revenue</b>		
- Investment Holding	11	22
- Retailing	53,925	86,358
<b>Total Revenue</b>	<u>53,936</u>	<u>86,380</u>
<b>Segment Revenue</b>		
- Investment Holding	-	-
- Retailing	(191)	(409)
<b>Inter-Segment Revenue</b>	<u>(191)</u>	<u>(409)</u>
<b>Segment Revenue</b>		
- Investment Holding	11	22
- Retailing	53,734	85,949
<b>External Revenue</b>	<u>53,745</u>	<u>85,971</u>
<b>Segment profit/(Loss)</b>		
- Investment Holding	(276)	(350)
- Retailing	4,604	1,037
	4,328	687
Finance costs	(426)	(899)
Consolidated profit/(loss) before taxation	<u>3,902</u>	<u>(212)</u>

As at 31/12/2019  
RM'000

**Segment assets <sup>(i)</sup>**

- Investment Holding	33,615
- Retailing	135,528
	<u>169,143</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

**Reconciliations of reportable segment profit or loss and assets**

**2019**

	Trading RM'000	Investment Holding RM'000	Total RM'000
<b><u>Profit or loss</u></b>			
Total profit/(loss) for reportable segments	1,037	(350)	687
Finance costs	(899)	-	(899)
Consolidated profit/(loss) before tax	<u>138</u>	<u>(350)</u>	<u>(212)</u>

	Trading RM'000	Investment Holding RM'000	Total RM'000
<b><u>Assets</u></b>			
Total assets for reporting segments	135,528	33,615	169,143
Elimination of inter-segment balances	-	(1,738)	(1,738)
Consolidated total assets	<u>135,528</u>	<u>31,877</u>	<u>167,405</u>

**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 31 December 2019.

**A11. CHANGES IN COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group during the current financial period ended 31 December 2019.



## A12. CONTINGENT LIABILITIES

Save as disclosed below, the Group does not have any other contingent liabilities as at 31 December 2019.

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Litigation arising as disclosed in Note B8	5,243 <sup>#</sup>	-
Corporate guarantees given to licensed bank for Banking facilities granted to subsidiaries	-	*

<sup>#</sup> The contingent liability relating to the litigation claim excludes, among other, interest claimed, legal cost, damages and other reliefs to be determined solely by the discretion of the court.

\* The corporate guarantees provided by the Company to banks in respect of banking facilities granted to certain subsidiaries are no longer disclosed as contingent liability, but instead disclosed under the Financial Instruments in Note 21 of the Group's audited financial statement for the financial period ended 30 June 2019.

## A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 December 2019 are as follows:

Transaction parties	Nature of transaction	Current Quarter 31/12/2019 RM'000	Cumulative Year to Date 31/12/2019 RM'000
MX Too Sdn Bhd	Sale of products	-	1
MX Too Sdn Bhd	Purchase of products	1	6
Roncato Sdn Bhd	Sale of products	148	353
Branded Platform Sdn Bhd	Sale of products	1,009	1,964
Branded Platform Sdn Bhd	Other income	-	57

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 [Registration No.: 199501008356 (337554-D)]**  
**Interim Financial Report for the Financial Period Ended 31 December 2019**

**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 31/12/19 RM'000	Cumulative Year To Date 31/12/19 RM'000
Segment Revenue		
- Investment Holding	11	22
- Retailing	53,734	85,949
	<u>53,745</u>	<u>85,971</u>
Segment profit/(Loss)	-	
- Investment Holding	(276)	(350)
- Retailing	4,604	1,037
	<u>4,328</u>	<u>687</u>

During the current quarter under review, the Group recorded a revenue and profit before taxation of RM53.75 million and RM3.90 million respectively.

Retailing Segment

The Retailing Segment reported a revenue and segment profit of RM53.73 million and RM4.60 million respectively in the current quarter ended 31 December 2019.

Investment Holding Segment

The Investment Holding Segment reported a loss of RM0.28 million for the quarter under review.

The Group and the Company have changed its financial year end from 31 March to 30 June with effect from 1 April 2018. Due to the change in the financial year, Therefore, no comparison with the corresponding quarter and year in the preceding year.

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	Current	Immediate	Changes	
	Quarter	Preceding		
	31/12/2019	30/09/2019	RM'000	%
	RM'000	RM'000		
Revenue	53,745	32,226	21,519	66.78
Profit/(Loss) from Operations before Interest and Tax	4,328	(3,641)	7,969	(218.87)
Profit/(Loss) before tax	3,902	(4,114)	8,016	(194.85)
Profit/(Loss) after tax	3,049	(4,115)	7,164	(174.09)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,049	(4,115)	7,164	(174.09)

The Group recorded a profit before taxation of RM3.90 million for the current quarter ended 31 December 2019, compared with a loss before taxation of RM4.11 million in the preceding quarter ended 30 September 2019. The improvement in the current quarter's result was mainly due to higher sales of consumer products during the holiday season.

**B3. COMMENTARY ON PROSPECTS**

The Group expects the Covid-19 outbreak will hit its core business, particularly in the next quarter. The growing concerns over the Covid-19 outbreak will have a negative impact on the retail, aviation, and tourism industries, which will directly affect the Group's operations and performance.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable to the Group.

**B5. TAXATION**

The taxation charge included the following:

	Current Quarter	Cumulative Year To Date
	RM'000	RM'000
In respect of current period		
- income tax	853	854
- deferred tax	-	-
In respect of prior year		
- income tax	-	-
- deferred tax	-	-
	<u>853</u>	<u>854</u>

The Group's effective tax rate for financial period was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

## B6. CORPORATE PROPOSALS

The status of corporate proposals announced but not completed as at the date of this report are as follow:-

On 10 October 2019, the Company ("MESB") announced that it proposed to undertake a private placement of up to 30% of the issued share capital of MESB to independent third party investor(s) to be identified at a later date ("Proposed Private Placement"). The shareholders of the Company had approved the Proposed Private Placement at an extraordinary general meeting ("EGM") of the Company held on 26 November 2019.

The Company had on 6 December 2019 completed the first tranche of the Proposed Private Placement, following the listing of and quotation for 9,200,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad. As of 26 February 2020, RM3.91 million has been utilised for working capital, repayment of bank borrowings and expenses relating to the Private Placement purposes.

## B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2019 as follow:-

	RM'000	RM'000
Short Term		
Hire purchase creditors	71	
Bankers' acceptance	20,041	
Term loans	1,185	
Bank overdraft	<u>5,181</u>	26,478
Long Term		
Hire purchase creditors	95	
Term Loans	<u>2,071</u>	2,166
Total		<u>28,644</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

Save as disclosed below, 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.

On 22 August 2019, the Company was served with a writ of summon together with statement of claim in relation to a claim filed by Zelleco Engineering Sdn. Bhd. The claim relates to a suit previously filed against Maintenance Engineering Sdn. Bhd. for an outstanding amount of approximately RM5.24 million together with interest and cost thereon, which was duly disposed by the Company on 22 March 2012 and wound up by a third party on 18 June 2013.

The Court has fixed a decision date on 30 March 2020 for striking out application filed by the Company.

#### B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 31 December 2019.

#### 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)	3,049	(1,066)
Weighted average number of ordinary shares (in thousand)	82,530	82,530
Basic earnings/loss per share (sen)	3.69	(1.29)

#### B11. PROFIT FOR THE PERIOD

	Current Quarter RM'000	Cumulative Year To Date RM'000
This is arrived at after (charging)/crediting :-		
Interest Income	117	227
Other income	9	79
Inventories write back/(write down)	(67)	15
Finance costs	(431)	(899)
Depreciation and amortisation	(745)	(1,498)
Write off plant and equipment	(21)	(157)
	<u>(1,138)</u>	<u>(2,233)</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.

