

11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE MBL GROUP AS AT 30 JUNE 2009 (CONT'D)****3.7 Trade receivables (Cont'd)**

The MBL Group's normal credit periods granted to customers ranged from 1 to 4 months. However, credit periods granted to customers for plant setup sales and services are based on mutually agreed terms. These terms vary according to projects size and plant capacity.

The currency exposure profile of trade receivables of the MBL Group is as follows:-

	RM'000
Ringgit Malaysia	9,141
United States Dollar	2,380
	11,521

3.8 Other receivables

	RM'000
Other receivables	250
Deposits & prepayments	2,281
	2,531

The currency exposure profile of other receivables of the MBL Group is as follows:-

	RM'000
Ringgit Malaysia	2,407
Singapore Dollar	30
United States Dollar	94
	2,531

3.9 Current income taxes recoverable

	RM'000
Acquisitions of subsidiaries/As per Proforma I/II/III	211

3.10 Fixed/other deposits with licensed banks

	RM'000
Amount pledged as securities for bank guarantees granted to MBL Group	956
Amount not pledged	4,292
	5,248
Interest rate	1.60% p.a. to 3.70% p.a.

The fixed/other deposits have maturity periods ranged from 1.0 to 18.0 months.



11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE MBL GROUP AS AT 30 JUNE 2009 (CONT'D)****3.11 Cash and bank balances**

	RM'000
Audited as at 30 June 2009	•
Arising from the Acquisitions	3,247
As per Proforma I	3,247
Proceeds from the Public Issue	13,650
As per Proforma II	16,897
Utilisation of proceeds:	
- Repayment of bank borrowings	(2,500)
- Purchase of machineries	(3,000)
- Setup service offices in Indonesia, Papua New Guinea and Nigeria	(1,500)
- Estimated listing expenses (Note 3.18)	(1,800)
As per Proforma III	8,097

Note:-

Represents RM2.

The currency exposure profile of cash and bank balances is as follows:-

	RM'000
Ringgit Malaysia	7,356
United States Dollar	741
	8,097

3.12 Trade payables

The normal credit periods granted to the MBL Group ranged from 1 to 4 months.

The currency exposure profile of trade payables is as follows:-

	RM'000
Ringgit Malaysia	2,153
China Yuan	38
Singapore Dollar	69
	2,260

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11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE MBL GROUP AS AT 30 JUNE 2009 (CONT'D)****3.13 Hire purchase payables**

	RM'000
Future minimum hire purchase payables:	
- not later than one year	211
- later than one year and not later than five years	157
	368
Less: Future finance charges	(18)
Present value of hire purchase payables	350
Current:	
- not later than one year	198
Non-current:	
- later than one year and not later than five years	152
	350
Fair value	334

Principal	Term of repayment	Interest rate
RM796,000	Amount (including interest) per instalment: RM3,000 to RM5,000 Duration: 36 months Commencement date: August 2006 to October 2008	2.35% p.a. to 3.59% p.a.

The hire purchase payables are secured by property, plant & equipment at net carrying amount as disclosed in Note 3.4.

3.14 Other payables

	RM'000
Customers' deposits	2,609
Other payables	198
Accrued charges	322
	3,129

The currency exposure profile of other payables is as follows:-

	RM'000
Ringgit Malaysia	601
United States Dollar	2,528
	3,129



11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE MBL GROUP AS AT 30 JUNE 2009 (CONT'D)****3.15 Term loans**

	RM'000
Current:	
- repayable within one year	778
Non-current:	
- repayable between two to five years	1,911
	2,689
Utilisation of proceeds - repayment of bank borrowings As per Proforma III	(2,500)
	189
Current:	
- repayable within one year	189
Non-current:	
- repayable between two to five years	-

Details of the repayment terms are as follows:-

Term loan	Number of monthly installments	Monthly installment (RM'000)	Date of commencement of repayment
Malaysian Industrial Development Finance Berhad ("MIDF")	60	19 to 39	August 2007
HSBC Bank Malaysia Berhad	60	20	January 2008

The term loans bear interest at rates ranging from 4.00% to 7.15% per annum and are secured by:-

- (1) legal charges over
 - a freehold land and building of MBLB (for BBA financing only)
 - two pieces of freehold land of MBLB (for term loans and other credit facilities also)
- (2) joint and several guarantee by certain directors of MBLB.

3.16 Deferred income taxes

The balance of deferred income taxes represents the tax effect of temporary differences arising on excess of capital allowances over accounting depreciation arising from the Acquisitions.

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11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE MBL GROUP AS AT 30 JUNE 2009 (CONT'D)****3.17 Share capital**

On 30 June 2009, the authorised share capital of the MBL is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each of which 71,000,000 ordinary shares of RM0.50 each has been issued and fully paid-up.

The movements in the issued and paid-up share capital of the MBL are as follows:-

	Number of ordinary shares ('000)	Amount of share capital RM'000
As at 30 June 2009/ As per Proforma I Public Issue	71,000	35,500
As per Proforma II/III	21,000	10,500
	92,000	46,000

3.18 Share premium

The movements in the share premium account are as follows:-

	RM'000
As at 30 June 2009	-
Acquisitions	-
As per Proforma I Public Issue	3,150
As per Proforma II Estimated listing expenses (Note 3.11)	(1,800)
As per Proforma III	1,350

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

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11. FINANCIAL INFORMATION (Cont'd)**MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF THE MBL GROUP**

	FPE 30 JUNE 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax but after exceptional items	5,564
Adjustments for:	
Surplus on disposal of property, plant & equipment	(136)
Depreciation	410
Amortisation of prepaid lease payments	3
Interest paid/ finance charge	102
Interest received	(44)
Realised exchange differences	(3)
Recognition of negative goodwill	(3,105)
Operating profit before working capital changes	2,791
Increase/decrease in:	
Inventories	797
Receivables	5,176
Payables	(2,879)
Cash generated from operations	5,885
Tax paid	(1,084)
Interest paid	(102)
Interest received	44
Net cash generated from operating activities	4,743
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposal of property, plant & equipment	202
Purchase of property, plant & equipment	(148)
Net cash generated from investing activities	54
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of	
- term loans	(373)
- hire purchase payables	(133)
Placement of fixed deposits	(12)
Net cash used in financing activities	(518)
NET INCREASE IN CASH & CASH EQUIVALENTS	4,279
Cash & cash equivalents at the beginning of the period	3,216
Cash & cash equivalents at the end of the period (Note I)	7,495

Note I Cash & cash equivalents

	RM'000
Fixed/other deposits with licensed banks	5,248
Cash & bank balances	3,247
	8,495
Fixed deposits pledged	(956)
Unrealised exchange gain	(44)
	7,495



11. FINANCIAL INFORMATION (Cont'd)**11.5 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following discussion and analysis of MBL Group's financial condition, results of operations and prospects should be read in conjunction with the Group's proforma consolidated financial information and the related notes as set out in Sections 11.1 and 11.4 of this Prospectus and the Accountants' Reports as set out in Section 12 of this Prospectus. The proforma consolidated financial information of the MBL Group have been prepared in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, which may differ in certain aspects from generally accepted accounting principles in other countries.

Overview

Our Company is principally an investment holding company and the revenue of our Group is derived through our subsidiary companies, namely MBLE and MBLT. MBLE is principally involved in the manufacturing of oil seed expellers and related parts whereas MBLT is principally involved in the manufacturing of automated oil seed expellers and related parts.

Please refer to Section 4 of this Prospectus for further details of our Group.

11.5.1 Our Group's Performance and Operations

11.5.1.1 The table below sets forth the analysis of the MBL Group's consolidated revenue, PBT and PAT by its subsidiaries for the past 4 financial years up to FYE 31 December 2008 and the FPE 30 June 2008 and 30 June 2009:-

	←----- FYE 31 December ----->				6-month FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Revenue						
MBLE	24,113	33,333	35,373	31,016	9,906	8,584
MBLT	-	1,003	6,240	11,251	5,930	5,856
Elimination of inter-company transactions		(121)	(700)	(899)	(899)	(150)
Total	24,113	34,215	40,913	41,368	14,937	14,290
PBT						
MBLE	6,465	8,649	8,079	6,454	406	594
MBLT	(4)	395	2,174	3,401	1,872	1,871
MBL	-	(5)	(543)	(3)	(1)	3,099*
Total	6,461	9,039	9,710	9,852	2,277	5,564
PAT						
MBLE	4,153	6,313	6,344	4,617	283	276
MBLT	(4)	395	2,174	3,379	1,856	1,868
MBL	-	(5)	(543)	(3)	(1)	3,099*
Total	4,149	6,703	7,975	7,993	2,138	5,243

Note: * Includes the recognition of negative goodwill arising from the Acquisitions of RM3.105 million

11. FINANCIAL INFORMATION (Cont'd)

11.5.1.2 The table below sets forth the analysis of the MBL Group's consolidated revenue by principal markets for the past 4 financial years up to FYE 31 December 2008 and the FPE 30 June 2008 and 30 June 2009:

	←----- FYE 31 December ----->				6-month FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Local sales to third parties (A)	1,282	10,950	5,192	7,776	759	4,518
Export sales (B):						
- Indonesia	20,925	16,563	24,373	17,369	5,505	4,662
- Nigeria	-	4,375	5,076	1,752	1,216	469
- PNG	1,049	887	813	6,648	5,090	1,467
- Others	857	1,440	5,459	7,823	2,367	3,174
	<u>22,831</u>	<u>23,265</u>	<u>35,721</u>	<u>33,592</u>	<u>14,178</u>	<u>9,772</u>
Total Revenue (A) + (B)	<u>24,113</u>	<u>34,215</u>	<u>40,913</u>	<u>41,368</u>	<u>14,937</u>	<u>14,290</u>

11.5.1.3 The table below sets forth the analysis of the MBL Group's consolidated revenue by principal products for the past 4 financial years up to FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009:

	←----- FYE 31 December ----->				6-month FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Oil seed expellers	15,981	19,531	21,887	17,172	6,876	5,013
Plant setup ancillary machinery	440	8,388	8,795	15,563	4,896	3,425
H/B	-	-	-	-	-	294
Spare parts	7,692	6,417	10,931	9,532	4,064	5,708
	<u>24,113</u>	<u>34,336</u>	<u>41,613</u>	<u>42,267</u>	<u>15,836</u>	<u>14,440</u>
Elimination of inter-company transactions of plant setup ancillary machinery	-	(121)	(700)	(899)	(899)	(150)
Total Revenue	<u>24,113</u>	<u>34,215</u>	<u>40,913</u>	<u>41,368</u>	<u>14,937</u>	<u>14,290</u>

11. FINANCIAL INFORMATION (Cont'd)

11.5.1.4 The table below sets forth the analysis of the MBL Group's consolidated revenue by principal activities for the respective financial years:

	←----- FYE 31 December ----->				6-month FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Products ^	16,421	14,940	18,848	12,209	5,308	4,163
Plant setup sales and services*	-	12,979	11,834	20,526	6,464	4,569
Spare parts	7,692	6,417	10,931	9,532	4,064	5,708
	24,113	34,336	41,613	42,467	15,836	14,440
Elimination of inter-company transactions of plant setup sales and services	-	(121)	(700)	(899)	(899)	(150)
Total Revenue	24,113	34,215	40,913	41,368	14,937	14,290

Notes:-

- ^ Products consist of sales of oil seed expellers and plant setup ancillary machinery.
- * Plant setup sales and services are project sales which include the provision of design, fabrication, installation and commission services as well as sales of oil seed expellers, plant setup ancillary machinery and spare parts.

11.5.2 Commentary on Our Group's Past Operating Results**11.5.2.1 FYE 31 December 2006 as compared to FYE 31 December 2005****Revenue**

During FYE 31 December 2006, our Group's total revenue increased by approximately 41.89% or RM10.102 million mainly contributed by a new business activity of MBLI namely plant setup sales and services attributable to a new local customer. Export sales to Indonesia decreased by approximately RM4.362 million though this was mitigated by the emergence of Nigeria as our Group's second largest export market with sales amounting to approximately RM4.375 million. Our Group recorded an overall increase in unit sales of oil seed expellers as well as an increase in the average selling price of oil seed expellers by approximately 15.45%.

Cost of Sales

The cost of sales increased by RM5.832 million or 39.50% to RM20.598 million in line with the increase in raw materials consumed resulting from the plant setup sales and services activity attributable to the abovementioned new customer. Our Group also recorded a marginal increase in direct labour costs and production overheads.

GP

As a result of the sales activity of plant setup sales and services, GP increased by RM4.270 million or 45.68% to RM13.617 million while GP margin increased marginally by 1.04% to 39.80%.

11. FINANCIAL INFORMATION (Cont'd)**Other Income**

Other income increased by approximately RM102,000 or 37.23% mainly due to the increase in unrealised gain on foreign exchange by approximately RM248,000. However, the effect of the increase in unrealised gain on foreign exchange was offset by the decrease in surplus on disposal of property, plant and equipment.

Operating Expenses

Operating expenses consisting of distribution and administrative expenses increased by RM1.794 million or 57.26% to RM4.927 million. This was mainly due to an increase in certain expenses such as directors remuneration and staff costs, transport and travelling expenses, freight and forwarding expenses for shipment charges to customers located in locations such as Sabah, Nigeria and PNG as well as site installation and commissioning expenses relating to the plant setup sales and services.

PBT

PBT increased by approximately RM2.578 million or 39.90% to RM9.039 million which is generally in line with the higher revenue achieved for the FYE 31 December 2006 but was lower than the increase in GP of approximately 45.68% due to higher operating expenses.

Taxation

The effective tax rate was slightly lower than the statutory tax rate due to expenses being eligible for utilisation of capital allowances/reinvestment allowances amounting RM448,932 for MBI.E and also due to MBI.T being granted pioneer status and thus exempted from tax.

PAT

As a result of the foregoing, our Group's PAT increased by RM2.554 million or 61.56% to RM6.703 million.

11.5.2.2 FYE 31 December 2007 as compared to FYE 31 December 2006**Revenue**

Our Group's revenue further improved by approximately RM6.698 million or 19.58% during FYE 31 December 2007. The improved performance was due to the increase in export sales by approximately RM12.456 million to the Indonesian market as well as successful penetration into the Vanuatu and Mexico markets located in South Pacific Ocean and Central America respectively. Nigeria continued to be our Group's second largest export country with sales amounting to RM5.076 million.

Cost of Sales

Cost of sales increased by approximately RM4.762 million or 23.12 % to RM25.360 million.

GP

The GP margin decreased by approximately 1.79% to 38.01% (FYE 31 December 2006: 39.80%) mainly due to the lower selling price of 120 units of oil seed expellers.

Other Income

Other income increased by RM37,000 or 9.84% mainly due to the increase in gain on foreign exchange amounting to RM315,000 arising from trade creditor transactions.

11. FINANCIAL INFORMATION (Cont'd)**Operating Expenses**

Distribution and administration expenses amounted to RM6.162 million, which represents an increase of approximately RM1.235 million or 25.07% when compared to FYE 31 December 2006. The increase in operating expenses was mainly due to the following:

- (i) increase in depreciation of property, plant & equipment upon the completion of the construction of the factory building at JR 52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar in November 2007 and also the purchase of office equipment for new factory building;
- (ii) increase in travelling expenses was due to the increase in marketing activities in Indonesia and PNG as an effort to increase MBL E's market share in these countries as well as to China for sourcing of raw materials;
- (iii) increase in site installation and commissioning for three plants setup sales and services by approximately RM143,000 or 48.81%; and
- (iv) MBL's pre-listing expenses of RM540,000 incurred during the FYE 2007.

PBT

The increase in PBT in the FYE 31 December 2007 by approximately RM671,000 or 7.42% was at a lower rate compared to the increase in GP of approximately 14.22%. This was mainly due to the increase in distribution and administration expenses by approximately RM1.235 million or 25.07%.

Taxation

The effective tax rate was lower than the statutory tax rate due to the utilisation of capital allowances/reinvestment allowances amounting to approximately RM3.254 million for MBL E as well as MBL E's pioneer status which exempts its statutory income from tax.

11.5.2.3 FYE 31 December 2008 as compared to FYE 31 December 2007**Revenue**

Our Group's revenue improved by approximately RM455,000 or 1.11% during FYE 31 December 2008. The improved performance was due to the increase in local sales by approximately RM2.584 million mainly due to plant setup sales and services though this was dampened by a decrease in export sales of approximately RM2.129 million or 5.96% due to a drop in sales to the Indonesian and Nigerian markets. Nevertheless, our Group was able to increase our sales to PNG from approximately RM813,000 to approximately RM6.648 million mainly due to the plant setup sales and services provided to Kumbango Oil Mill amounting to RM5.846 million. The Group also penetrated into the Cameroon market with sales amounting to approximately RM3.487 million.

Cost of Sales

Cost of sales decreased by approximately RM403,000 or 1.59 % to RM24.957 million.

GP

The GP margin increased by approximately 1.66% to 39.67% (FYE 31 December 2007: 38.01%) in line with the increase in turnover.

11. FINANCIAL INFORMATION (Cont'd)**Other Income**

Other income increased by approximately RM273,000 or 66.10% mainly due to MBLE's surplus on disposal of certain property, plant and equipment of RM164,000, an unrealised gain on foreign exchange arising from the ordinary course of business of RM41,000 as well as fixed deposit interest received of RM78,000.

Operating Expenses

Distribution and administration expenses amounted to RM7.003 million, which represents an increase of approximately RM841,000 or 13.65% when compared to FYE 31 December 2007. The increase in operating expenses was mainly due to the following:

- (i) directors remuneration by approximately RM142,000 or 14.84% by MBLE;
- (ii) site installation and commissioning for plants setup sales and services including MBLE's customer namely PT. Harapan Sawit Lestari and MBLT's customer namely Kumbango Oil Mill as well as installation of oil seed expellers for customers in Indonesia and Colombia, by approximately RM327,000 or 75.00%;
- (iii) freight and forwarding charges by approximately RM130,000 or 11.56% mainly due to sales to Kumbango Oil Mill in Papua New Guinea by MBLT; and
- (iv) staff cost by approximately RM218,000 or 51.78% as a result of the increase in the number of staff from 4 persons to 9 persons by MBLT.

PBT

The increase in PBT by approximately RM142,000 or 1.46% was at a slower rate when compared to the increase in GP of approximately 5.52%. This was mainly due to the increase in distribution and administration expenses and finance costs by approximately RM841,000 and RM148,000 or 13.65% and 157.45% respectively when compared to FYE 2007.

Taxation

The effective tax rate was higher than the previous year tax rate due to the non-deductibility of certain expenses amounting to approximately RM1.121 million.

11.5.2.4 FPE 30 June 2009 as compared to FPE 30 June 2008**Revenue**

Our Group recorded marginally lower revenue of RM14.290 million for the 6-month FPE 30 June 2009 as compared to the 6-month FPE 30 June 2008 of RM14.937 million. Export sales decreased by approximately RM4.513 million or 31.59% while domestic sales increased by approximately RM3.759 million or more than 100% due mainly to the plant setup sales and services to a new customer amounting to RM3.400 million. There was also a slight decrease in the sale of oil seed expellers by approximately RM1.863 million or approximately 27.09%.

Cost of Sales

Cost of sales decreased by approximately RM733,000 or 8.1% in line with the decrease in revenue.

GP

The GP margin increased by approximately 2.39% to 41.96% for the FPE 2009, although turnover decreased by approximately RM647,000 or 4.33% as the average selling price of oil seed expellers had increased.

11. FINANCIAL INFORMATION (Cont'd)**Other Income**

Other income increased by approximately RM3.081 million or 1,124.45% mainly due to the recognition of negative goodwill of RM3.105 million by our Group.

Operating Expenses

Distribution and administration expenses amounted to RM3.270 million, which represents a decrease of approximately RM508,000 or 13.45% as compared to FPE 30 June 2008. This was mainly due to the following:

- (i) decrease in freight and forwarding charges due to plant setup sales and services to Kumbango Oil Mill in Papua New Guinea incurred in FPE 2008 by MBLT; and
- (ii) decrease in site installation and commissioning for plant setup sales and services to customers namely Kirana Palm Oil Refinery Sdn. Bhd. in Malaysia and PT. Harapan Sawit Lestari in Indonesia in FPE 2008 by MBLE.

PBT

The increase in PBT by approximately RM3.287 million or more than 100% was at a higher rate when compared to the increase in GP of approximately 1.46% mainly due to the increase in other operating income as explained above.

Taxation

The effective tax rate was lower than the statutory tax rate mainly due to MBLT's pioneer status which exempts its statutory business income from tax.

11.5.2.5 Government, Economic, Fiscal or Monetary Policies

There is no government, economic, fiscal or monetary policies or factors that have, or could materially affect the Group's operations.

11.5.2.6 Impact of Inflation

There is no material impact of inflation on operating profits of our Group in the relevant financial years under review as any cost increases are passed through to our customers.

11.5.2.7 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits

A substantial amount of our revenue are derived from overseas customers and paid for in USD. We also have business transactions in foreign currencies in the normal course of our business, which include the purchase of materials.

Notwithstanding the above, our Group believes that fluctuations in commodity prices and foreign exchange will not materially affect the profit margins of our Group in view that the manufacture of oil seed expellers and related parts are based on purchase orders rather than long-term supply contracts. Raw materials are only procured upon receipt of purchase orders from customers. As such, the impact of the price movement of our raw materials, if any, would be minimal.

Further, due to our Group's low gearing factor of 0.08 times as at 30 June 2009, we are not materially affected by changes in interest rates.

11. FINANCIAL INFORMATION (Cont'd)**11.5.3 Liquidity and Capital Resources****11.5.3.1 Working Capital**

Our principal source of liquidity is cash flow from operations. We also have certain surplus funds in short term deposits that we may use for any unforeseen capital or other requirements. As at 31 December 2008 and 30 June 2009, we have RM4.201 million and RM8.495 million respectively in cash and short term deposits.

Our Board are of the opinion that, after taking into consideration the funds generated from our existing operations and net proceeds from the Public Issue, we have sufficient working capital for a period of 12 months from the date of issue of this Prospectus to meet our needs and foreseeable requirements.

11.5.3.2 Cash Flows

The following table sets out our Group proforma consolidated cash flows with respect to operating activities, investing activities and financing activities for the year indicated:

	For the FPE 30 June 2009
	RM'000
Net cash generated from operating activities	4,743
Net cash used in investing activities	54
Net cash used in financing activities	(518)
Net increase in cash and cash equivalents	4,279
Cash and cash equivalents as at 31 December 2009	3,216
Cash and cash equivalents as at 30 June 2008	7,495
All interest bearing debts (RM'000)	3,039
Shareholders' funds (RM'000)	38,048
Gearing ratio (times)	0.08
Current ratio (times)	5.33

Net cash generated from operating activities was approximately RM4.743 million for the FPE 30 June 2009 and arises from the following:

- (i) Operating profit, after adjusting for non-cash items, of RM2.791 million;
- (ii) Decrease in inventories of RM797,000;
- (iii) Decrease in receivables of RM5.176 million;
- (iv) Increase in payables of RM2.879 million;
- (v) Taxes paid of RM1.084 million;
- (vi) Interest paid of RM102,000; and
- (vii) Interest received of RM44,000.

Net cash generated investing activities was RM54,000 for the FPE 30 June 2009 and is mainly arising from the proceeds from disposal of property, plant and equipment.

Net cash generated used in financing activities was RM518,000 for the FPE 30 June 2009 and is mainly arising from the following:

- (i) Repayment of term loan of RM373,000;
- (ii) Repayment of hire purchase payables of RM133,000; and
- (iii) Placement of fixed deposits of RM12,000.

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends and/ or loans or advances. However, some of our Group's bankers may require us to seek their prior approval for dividend payments. We do not expect such approval to be unnecessarily withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

II. FINANCIAL INFORMATION (Cont'd)**11.5.3.3 Borrowings**

As at the LPD, our total outstanding interest-bearing borrowings (all of which are local) are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire purchase payables	198	152	350
Term loans	778	1,911	2,689

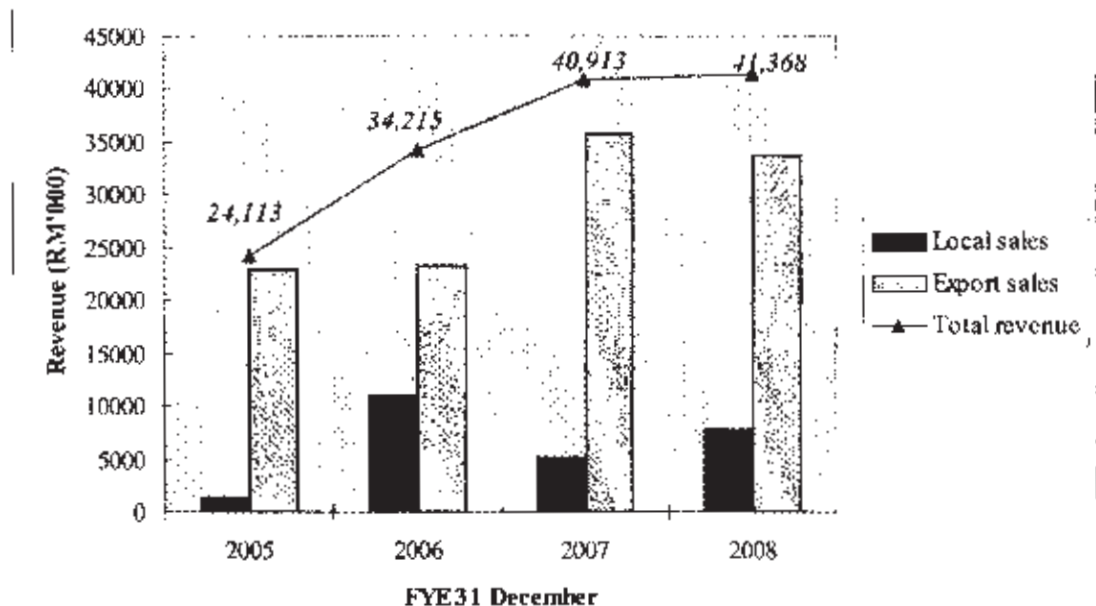
Our gearing ratio for the past 4 financial years up FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009 is as follows:

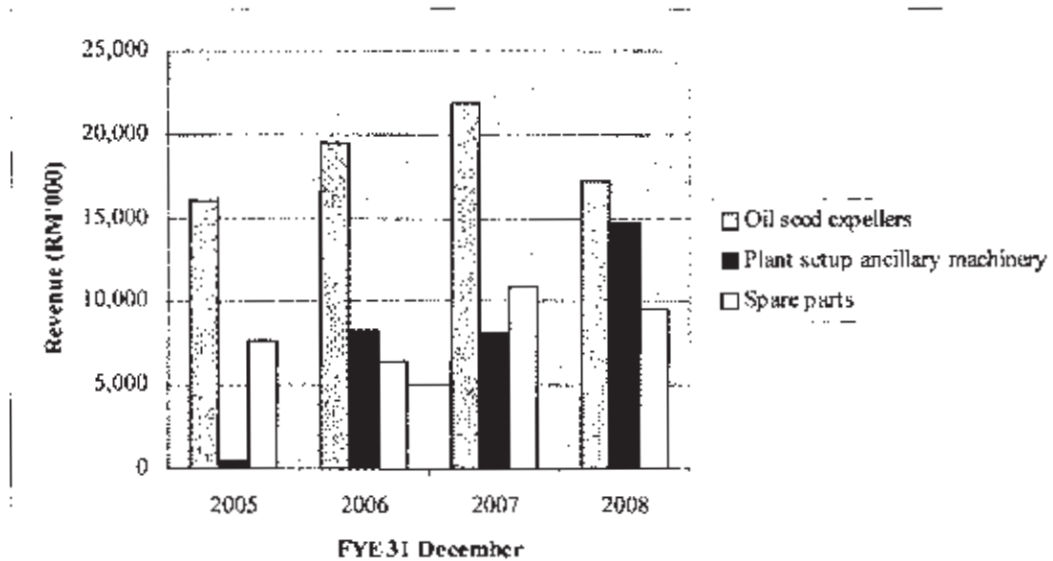
	FYE 31 December				FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 R'000	2009 RM'000
Total borrowings	449	501	3,669	3,545	3,884	3,039
Shareholders' funds	12,414	20,317	27,917	35,910	30,055	38,048
Gearing (times)	0.04	0.02	0.13	0.10	0.13	0.08

We have not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past 4 financial years up to FYE 31 December 2008 and FPE 30 June 2009.

11.5.4 Trend Information**11.5.4.1 Revenue**

The following graphs depict our Group's revenue trend by geographical segment and products for FYE 31 December 2005 to 2008 based on the proforma consolidated financial information of our Company as set out in Sections 11.1 and 11.4 of this Prospectus

Revenue trend by geographical location

11. FINANCIAL INFORMATION (Cont'd)**Revenue trend by products**

Our Group's revenue trend shows a positive growth rate in terms of total revenue. Revenue from plant setup ancillary machinery saw significant growth in 2008 as we began actively offering the full spectrum of plant setup sales and services to our clients.

11.5.4.2 Order book

Generally, we do not have any long-term agreements with our major customers and/ or suppliers as we manufacture based on confirmed orders which are placed on an as-needed basis by our clients. As at 30 June 2009, our confirmed order is approximately RM41.917 million.

11.5.4.3 Selling prices

We continuously strive to secure optimum selling prices for our products in our efforts to improve our profitability. However, like any other business, we do offer certain sales incentives to new or repeat customers in order to secure new sales, broaden our customer base and penetrate into new markets.

Generally, the average selling prices of our products throughout FYE 2005 to 2008 were on an uptrend which reflected the increase in the cost of raw materials as well as the introduction of newer models with improved performances.

11.5.4.4 Factors affecting the Group's future financial condition and results of operations**(a) Increased presence in Indonesia, Nigeria and PNG**

As highlighted in Section 6.1.1 of this Prospectus, our Group expects countries such as Indonesia, Nigeria and PNG to play a major role in our business expansion plans as demonstrated by the fact that these three (3) countries collectively contributed approximately 36.70% of our new customer sales for FYE 31 December 2008. Our Group's plans of establishing four (4) new service offices in Indonesia, one (1) new service office in Nigeria and one (1) new service office in PNG through the use of our IPO proceeds will enable us to enhance our existing business relationships and brand building as well as develop new business opportunities through referrals in these countries. We believe that these countries will continue to contribute to the future growth of our Group and expect our strategy of increasing our Group's visibility in these countries to contribute positively to our future financial performance and position.

11. FINANCIAL INFORMATION (Cont'd)**(b) Diversification of new product range**

Our Group diversification into new product lines has already yielded results as demonstrated by the fact that our EFB treatment machinery has already secured orders amounting to RM840,000 as at FPE 30 June 2009. We also expect our jatropha oil seed expellers to contribute positively to our Group's revenue within the next 3 years.

(c) Current global economic slowdown

MBL's products are exported to more than 150 customers located in 25 countries around the world. Over the past three financial years, more than half of our Group's total revenues were derived from exports sales. While our overall financial performance is linked with the business expansion plans of our overseas customers who may be affected by the current global economic outlook, demand for our products and services which has translated into a confirmed order of RM41.917 million and total revenue of RM14.290 million as at FPE 30 June 2009 demonstrates the fact that the operations of our Group have not been significantly impacted by the global economic slowdown. In addition, we believe that our focus on countries such as Indonesia, Nigeria and PNG as well as the Central and South American regions, which are expected to increase their oil palm cultivation activities, will continue to sustain our export sales in the long term and ensure that our Group continues to derive a substantial amount of our income stream from various overseas countries.

Save as disclosed above, including our Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects, Section 3, Section 4.2.8, Section 6.1 and Section 6.2 of this Prospectus, our Board believes that barring any unforeseen circumstances, there are no other significant known recent trends for revenue and costs, or other known trends, uncertainties, demands, commitments or event that are reasonable likely to have a material favourable or unfavourable impact on our financial performance, position and operations of our Group, or that would cause financial information disclosed in this Prospectus to be not indicative of our future operating results or financial conditions.

11.5.5 Other Financial Ratios**11.5.5.1 Trade receivables**

A summary of our trade receivables turnover ratio of our Group for the past four (4) financial years up to FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009 is set out below:

	FYE 31 December				FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Trade receivables	5,278	8,001	18,537	18,233	10,430	11,521
Revenue	24,113	34,215	40,913	41,368	14,937	14,290
Trade receivables turnover period (months)*	2.6	2.8	5.4	5.3	4.2**	4.8**

Note :-

* $\text{Trade receivables turnover period (months)} = (\text{Trade receivables} / \text{revenue}) \times 12 \text{ months}$

** $\text{Trade receivables turnover period (months)} = (\text{Trade receivables} / \text{revenue}) \times 6 \text{ months}$

The normal credit periods granted to customers ranged from 1 to 4 months. However, credit periods granted to customers for plant setup sales and services are based on mutually agreed terms. These terms vary according to projects size and plant capacity.

11. FINANCIAL INFORMATION (Cont'd)

The relatively higher trade receivables turnover period for FYE 2007 and 2008 are due to year end sales of approximately RM15.700 million in last quarter of FYE 2007 and RM16.867 million in last quarter of FYE 2008, representing approximately 38.37% and 40.77% respectively of total turnover. As at 31 December 2008, approximately RM16.749 million or 90.35% of total trade receivables in respect of FYE 31 December 2007 have been collected. The management confirmed that the remaining balances are collectible and that no allowance for doubtful debts is required.

As at 30 June 2009, the trade receivables of our Group amounted to approximately RM11.521 million which can be analysed as follows:-

	← Within credit period →				Exceed credit period Over 121 days	Total
	0-30 days	31-60 days	61-90 days	91-120 days		
Trade receivables (RM'000)	3,843	1,168	403	191	5,916	11,521
% of total trade receivables	33.36	10.14	3.50	1.66	51.34	100.00

As of 30 June 2009, approximately RM12.324 million of the total outstanding trade receivables as at 31 December 2008 have been collected.

11.5.5.2 Trade payables

A summary of our trade payables turnover ratio of our Group for the past four (4) financial years up to FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009 is set out below:

	FYE 31 December				FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Trade payables	6,233	5,183	7,448	4,355	7,003	2,260
Purchases	16,661	23,258	20,994	26,811	13,076	6,537
Trade payables turnover period (months)*	4.5	2.7	4.3	1.9	3.2**	2.1**

Notes:-

* $\text{Trade payables turnover period (months)} = (\text{Trade payables} / \text{purchases}) \times 12 \text{ months}$

** $\text{Trade payables turnover period (months)} = (\text{Trade payables} / \text{purchases}) \times 6 \text{ months}$

The normal credit periods granted by suppliers ranged from 1 to 4 months.

The relatively higher trade payables turnover period for FYE 31 December 2007 was mainly due to the purchase of motors and gearboxes amounting to RM1.008 million and gearboxes amounting to RM290,000 in December 2007 respectively. In addition, there was also an amount owing amounting to RM1.035 million for raw materials in December 2007. The total trade payables as at 31 December 2007 were fully settled during the period from 1 January 2008 to 31 December 2008.

As at 30 June 2009, the trade payables of our Group amounted to approximately RM2.260 million which can be analysed as follows:-

11. FINANCIAL INFORMATION (Cont'd)

	← Within credit period →				Exceed credit period Over 121 days	Total
	0-30 days	31-60 days	61-90 days	91-120 days		
Trade payables (RM'000)	1,664	407	21	-	168	2,260
% of total trade payables	73.63	18.01	0.93	-	7.43	100.00

11.5.5.3 Inventories

A summary of our inventories turnover ratio of our Group for the past four (4) financial years up to FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009 is set out below:

	FYE 31 December				FPE 30 June	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008 RM'000	2009 RM'000
Raw material	4,829	7,303	5,529	6,855	8,344	4,142
Work-in-progress	624	2,588	1,964	5,089	4,369	7,005
	5,453	9,891	7,493	11,944	12,713	11,147
Cost of sales	14,766	20,598	25,360	24,957	9,027	8,294
Inventories turnover period (months)*	4.4	5.8	3.5	5.7	8.4**	8.1**

Notes:-

* *Inventories turnover period (months) = (Closing inventories / cost of sales) x 12 months*

** *Inventories turnover period (months) = (Closing inventories / cost of sales) x 6 months*

Closing balance of inventories is needed to sustain at least 2 to 4 months of sales.

The relatively high inventories turnover period for FPE 30 June 2008 was due to the production of spare parts to maintain the required amount of inventories to meet customers' order. The increase in inventories turnover period for FPE 30 June 2009 was due to certain plant setup ancillary machinery being produced according to orders received based on secured contracts but awaiting delivery instructions from the Group's customers.

Most of the sales of oil seed expellers are on contract basis. Oil seed expellers are manufactured as and when a contract is received and delivered according to the customers' specifications at the agreed date. Thus, our Group imports certain spare parts such as gearboxes and motors from our suppliers in advance, due to the long lead-time involved. The lead time needed for the delivery of a shipment of gearboxes is approximately 4 to 6 months from the date purchase order is made until the receipt of the first unit by our Group.

There is no slow moving or obsolete inventories as our products are based on orders and contracts secured from our customers. If there is a change in order or new models being introduced, the inventories can be used for new orders by other customers or modified to be compatible with the existing models or new models of oil seed expellers.

11.5.6 Financial Instruments for Hedging

Our Group mainly practices natural hedging methods and utilises forward foreign exchange contracts to limit our exposure to foreign currency risk arising from our selling of products to overseas customers. As at 30 June 2009, the Group has no outstanding forward foreign exchange contracts.

II. FINANCIAL INFORMATION *(Cont'd)*

11.5.7 Material Capital Commitments and Contingent Liabilities

11.5.7.1 Material Capital Commitments

Save as disclosed in Section 2.7(a) of this Prospectus, as the LPD, our Board is not aware of any material capital commitment contracted or known to be contracted by us and/or our subsidiaries which, upon becoming enforceable, may have a material impact on our Group's financial position as at 30 June 2009.

11.5.7.2 Contingent Liabilities

Our Board is not aware of any contingent liability which, upon becoming enforceable, may have a material impact on our Group's financial position as at 30 June 2009.

11.5.7.3 Material Litigation

As at the LPD, our Board is not aware of any material litigation, claim or arbitration either as plaintiff or defendant and any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

11.5.8 Factors Affecting Financial Condition and results of Operations

As at the LPD, to the best knowledge of our Board's knowledge and belief, our Board's condition and operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.5 and in Sections 3, 4, 5 and 6 of this Prospectus;
- (b) material commitment for capital expenditure save as disclosed in Section 11.5.7.1 in this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 3 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this section; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus.

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12. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



4 SEP 2009

The Board of Directors
Muar Ban Lee Group Berhad
87 Lebuhr Muntri
10200 Penang
Malaysia

Dear Sirs,

**MUAR BAN LEE GROUP BERHAD ("MBL" OR THE "COMPANY")
ACCOUNTANTS' REPORT**

1. INTRODUCTION

This Report has been prepared by Messrs. Parker Randall Loh, an approved company auditor, for inclusion in the Prospectus of MBL dated 5 October 2009 in connection with the listing of MBL on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

2. GENERAL INFORMATION

2.1 INCORPORATION AND PRINCIPAL ACTIVITY

MBL was incorporated in Malaysia under the Companies Act, 1965 on 20 November 2006 under the name of Muar Ban Lee Group Sdn. Bhd. On 11 January 2007, the Company was converted into a public limited company and assumed its current name.

The principal activity of MBL is investment holding. The principal activities of its subsidiaries are set out in Section 2.4 of this Report.

2.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of MBL on the Main Market of Bursa Securities, the Company has undertaken/will undertake the following:-

(a) Acquisitions

On 28 January 2009, MBL entered into a share sale agreement with Muar Ban Lee Engineering Sdn Bhd ("MBLE") & Muar Ban Lee Technology Sdn Bhd ("MBLT") for the acquisition of the following companies:-

- (i) the acquisition by MBL of the entire issued and fully paid-up share capital of MBLE comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM30,399,998 fully satisfied by the issuance of 60,799,996 new ordinary shares of par value of RM0.50 each in MBL ("Shares"); and
- (ii) the acquisition by MBL of the entire issued and fully paid-up share capital of MBLT comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,100,000 fully satisfied by the issuance of 10,200,000 new Shares.

12. ACCOUNTANTS' REPORT (Cont'd)



2. GENERAL INFORMATION (CONT'D)

2.2 LISTING SCHEME (CONT'D)

(a) Acquisitions (Cont'd)

(The above are collectively referred to as the "Acquisitions").

The Acquisitions were completed on 30 June 2009 and resulted in the increase of the issued and paid-up share capital of MBL from RM2 to RM35,500,000.

(b) Corporatisation

Subsequent to the Acquisitions, there was a direct allotment of 53,222,076 MBL Shares and transferred of 4 existing MBL Shares to MBL Realty Sdn. Bhd., an investment holding company controlled by Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee.

The above is referred to as the "Corporatisation". It was completed on 30 June 2009.

(c) Public Issue

The Public Issue of 21,000,000 new Shares at an issue price of RM0.65 per Share is as follows:-

- i. 2,700,000 new Shares, representing 2.9% of the enlarged issued and paid-up share capital of MBL will be made available for application by directors, eligible employees and business associates who have contributed to the success of the MBL Group;
- ii. 2,000,000 new Shares, representing 2.2% of the enlarged issued and paid-up share capital of MBL will be made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions to the extent possible;
- iii. 7,340,000 new Shares, representing 8.0% of the enlarged issued and paid-up share capital of MBL will be made available by way of private placement to identified investors; and
- iv. 8,960,000 new Shares, representing 9.7% of the enlarged issued and paid-up share capital of MBL will be made available by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

Upon completion of the Public Issue, the issued and paid-up share capital of MBL will increase to RM46,000,000 comprising 92,000,000 Shares credited as fully paid-up. The new Shares to be issued pursuant to the Public Issue shall rank *pari passu* in all respect with the existing Shares.

(d) Offer for Sale

The Offer for Sale of 7,000,000 Shares, representing 7.6% of the enlarged issued and paid-up share capital of MBL will be placed to identified Bumiputera investors approved by MITI via private placement at an offer price of RM0.65 per Share.

12. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (CONT'D)****2.2 LISTING SCHEME (CONT'D)****(e) Listing**

The Listing entails the listing of and quotation for the entire enlarged issued and paid-up share capital of MBL comprising 92,000,000 Shares on the Main Market of Bursa Securities.

(Collectively referred to as the "Listing Scheme")

The approval for the Listing Scheme was obtained from the Securities Commission on 28 May 2009.

2.3 SHARE CAPITAL

On 30 June 2009, the authorised share capital of MBL is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each of which 71,000,000 ordinary shares of RM0.50 each has been issued and fully paid-up.

The details of changes in the issued and paid-up share capital of MBL since its date of incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital (RM)
20.11.06	2	1.00	Subscribers' shares	2
22.02.07	4	0.50	Subdivision of Shares from par value of RM1.00 per share to par value of RM0.50 per share	2
30.06.09	60,799,996	0.50	Issued pursuant to the acquisition of MBLE	30,400,000
30.06.09	10,200,000	0.50	Issued pursuant to the acquisition of MBLT	35,500,000

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12. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (CONT'D)****2.4 SUBSIDIARIES**

The details of MBL's subsidiaries after the completion of the Acquisitions as stated in Section 2.2 (a) are as follows:-

Company name	Date of incorporation	Authorised share capital RM	Issued & paid-up share capital RM	Effective equity interest	Principal activities
MBLE (166822-V)	8 December 1987	5,000,000	2,000,000	100%	Manufacturer of oil seed expellers and related parts
MBLT (664866-T)	6 September 2004	1,000,000	200,000	100%	Manufacturer of automated oil seed expellers and related parts

At the date of this Report, MBL does not have any associate companies.

3. FINANCIAL STATEMENTS AND AUDITORS

We have been the auditors of MBL and its subsidiaries ("the MBL Group" or "the Group") for the Relevant Financial Periods/Years under review. The financial statements for the FYE 2003 and FPE 2004 were audited by Messrs S.F. Keow & Co.

Company	Relevant Financial Periods/Years	Auditors' Report
MBL	Financial period ended ("FPE") 31 December 2006 Financial year ended ("FYE") 31 December 2007 FYE 2008 FPE 30 June 2009	Appendix I Appendix II Appendix III Appendix IV
MBLE	FYE 2005 FYE 2006 FYE 2007 FYE 2008 FPE 2009	Appendix V Appendix VI Appendix VII Appendix VIII Appendix IX
MBLT	FPE 2005 FYE 2006 FYE 2007 FYE 2008 FPE 2009	Appendix X Appendix XI Appendix XII Appendix XIII Appendix XIV

The auditors' reports on the financial statements of the Group for the Relevant Financial Periods/Years under review were not subject to any qualification or modification.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS**

This Report is prepared in accordance with applicable approved accounting standards issued and adopted by the Malaysian Accounting Standards Board ("MASB") and on the basis consistent with the accounting principles and policies adopted by the Group as disclosed in the following Section of this Report. There are no accounting policies adopted which are peculiar to the Group's business.

There has been no material change in the significant accounting policies adopted by the Group during the Relevant Financial Periods/Years under review.

4.1 BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements of the Group have been prepared in conformity with the applicable approved accounting standards for entities other than private entities [Financial Reporting Standards (FRS)] issued by the MASB and the provisions of the Companies Act, 1965.

The significant accounting policies adopted by the Group are in accordance with the new and revised FRSs and Interpretations (IC) issued by MASB that are relevant to its operations and effective for the financial period beginning on or after 1 January 2006.

The Group has not early adopted the following standards issued by the MASB:

FRS 7 "Financial Instruments : Disclosures"

FRS 139 "Financial Instruments : Recognition and Measurement"

Amendment to FRS 127 "Consolidated and Separate Financial Statements:

Cost of an Investment in a Subsidiary,
Jointly Controlled Entity or Associate"

Both the abovesaid standards/amendments to standards are effective for annual periods commencing on and after 1 January 2010.

The transitional provisions in FRS 7 and FRS 139 exempt entities from the disclosure of the possible impact on the financial statements from initial application. The Group plans to apply FRS 7 and FRS 139 when effective. The initial adoption of Amendments to FRS 127 is not expected to have material impact on the financial statements of the Group.

There are no other relevant new/revised FRSs and ICs which have been issued but not yet effective as at the date the financial statements of the Group are authorised for issue.

(b) Basis of measurement

The financial statements of the Group and MBL have been prepared on the historical cost convention.

(c) Functional and presentation currency

The financial statements of the Group and MBL are presented in Ringgit Malaysia (RM) which is the functional currency of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****4.1 BASIS OF PREPARATION (CONT'D)****(d) Judgements and estimates**

The preparation of financial statements requires the management to make judgements and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates are reviewed on an ongoing basis. Revision in estimates is recognised in the period in which the estimates are revised and in the future periods affected.

In the process of applying the accounting policies, the management has made critical judgements, apart from those involving estimations. There are no areas of judgements that can significantly affect the amount recognised in the financial statements.

Information about the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year is as below:-

(i) Depreciation of property, plant and equipment

The estimates of the residual values and useful life for property, plant and equipment are based on commercial and operating factors which could change significantly as a result of technological development and competitive market position.

MBLE and MBLT anticipates that the residual values of property, plant and equipment to be insignificant. The depreciation charge could be revised when the economic useful life vary from those previously estimated.

(ii) Income taxes

There are certain transactions and computations for which the final tax determination is doubtful in the ordinary course of business. Where the conclusive outcome of these matters are different from the amounts that were initially accounted, there will be an impact on the income/deferred tax estimation/recognition respectively in the period in which final determination is made.

(iii) Carrying amount

The carrying amounts of those assets and liabilities under key sources of estimation uncertainty are as disclosed in the respective Section of this Report.

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12. ACCOUNTANTS' REPORT (Cont'd)



4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

4.2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the audited financial statements the Company and all its subsidiaries made up to the end of the financial period. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Subsidiaries are consolidated by using the purchase method. Uniform accounting policies are used for like transactions and events in similar circumstances. Intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Goodwill represents the excess of the cost of the business combination over the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment loss. The excess of the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised immediately in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Freehold land is not depreciated. Freehold buildings are depreciated on a straight line basis over 50 years. Leasehold buildings are depreciated on a straight line basis over 50 years or the period of lease, whichever is the shorter.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives at the following annual rates:-

Plant & machinery	10%
Furniture & fittings	5%
Office equipment	10% - 30%
Motor vehicles	20%

(c) Research and development costs

Research and development costs comprise direct expenses and attributable overheads incurred in original/planned investigation undertaken and application of research findings into design for new/improved production. Research costs are expensed in the period in which they are incurred. Development costs are capitalised if they are related to products which will generate future economic benefits. The amount capitalised is amortised on a straight line basis over a period of five (5) years commencing from the year of commercial production.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****4.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Research and development costs (Cont'd)**

The unamortised balance of development costs will be written off as soon as any of the criteria for recognition as an asset ceased to be met. The amount written off is recognised as an expense in the period in which the write off occurs. The amount written off will be written back when the circumstances and events that led to the write off cease to exist and there is persuasive evidence the new circumstances and events will persist for the foreseeable future. The accounting policy for the impairment of development costs is set out in Section 4.2 (e).

(d) Investments

Investments are stated at cost. Investments are written down when there is an impairment loss which is other than temporary. An impairment loss is charged to the Income Statement in the period in which such a loss is identified.

A subsidiary is an enterprise that is controlled by the Company (parent). Control is the power to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities.

(e) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the recoverable amount is estimated for individual asset, unless the asset does not generate cash flows from continuing use that are largely independent of those from other assets, for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of the net selling price and the value in use estimated by discounting expected future cash flows to the present value. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is charged to the Income Statement immediately. Any subsequent increase in the recoverable amount is reduced by the amount that would have been recognised as amortisation and depreciation had the write down not occurred. Such subsequent increase in recoverable amount is recognised in the Income Statement immediately.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Cost of raw materials consists of purchase price and cost of bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods included raw materials, direct labour and an appropriate proportion of production overheads.

(g) Receivables

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful.



4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

4.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases/hire purchase

The cost of property, plant and equipment acquired under finance leases/hire purchase instalment plans where substantially all the risks and rewards incidental to the ownership of the assets are transferred to MBLR are capitalised. For finance leases, capitalisation is by recording an asset and liability equal to the lower of the present value of the minimum lease payments (including any guaranteed residual values) and the fair value of the leased assets at the inception of the lease. In the case of hire purchase instalment plans, the corresponding outstanding obligations due after deducting finance charge are included as liabilities. These property, plant and equipment are depreciated on the same basis as owned assets.

Lease payments are apportioned between the reduction of the lease liability and the finance charge. The finance lease/hire purchase finance charge is allocated to the Income Statement over the period of the respective agreements by using the "Sum-of-the-Digits" method to give a constant periodic rate of charge on the remaining lease/hire purchase liabilities.

Leases that do not meet the above criteria are treated as operating leases and the related rentals are charged to the Income Statement in the period in which they are incurred.

A lease of land will be an operating lease if the title is not expected to pass to the lessee by the end of the lease term. A payment made on entering into or acquiring a leasehold represents prepaid lease payment which is amortised over the lease term according to the pattern of benefit provided.

Previously a lease of land is classified as a finance lease and the amount of prepaid lease payment is recognised within property, plant and equipment. Following the adoption of FRS 117 "Leases" in the financial year ended 31 December 2008 such a lease is treated as an operating lease and the unamortised carrying amount is classified as prepaid lease payment.

FRS 117 has been adopted retrospectively and the impact on the financial statements of MBLR is disclosed in Section 7.3.31, 8.1(a) and 8.1(b) of this Report.

(i) Foreign currencies

Transactions in foreign currencies have been converted into Malaysian Ringgit at the rates ruling on the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date have been translated at approximately the rates ruling on that date. Exchange differences are dealt with in the Income Statement.

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12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****4.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Foreign currencies (Cont'd)**

The closing rates used in the translation of foreign currency balances are:-

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM	RM	RM	RM	RM
1 CNY	-	*	*	1.955	1.928
1 EUR	4.430	4.662	4.883	4.916	*
1,000 IDR	-	0.393	0.353	0.316	0.345
1 SGD	2.258	2.302	2.293	2.418	2.435
1 USD	3.770	3.531	3.315	3.487	3.540

Note:-

* *Not applicable.*

(j) Financial instruments**(i) Instruments recognised**

Financial assets and financial liabilities carried on the balance sheet include investments, trade/other receivables, fixed/other deposits with licensed banks, cash/bank balances, trade/hire purchase/other payables, amount owing to directors and term loans. These financial instruments are stated at cost.

Interest, losses and gains relating to financial instruments classified as financial liabilities are reported in the Income Statement as expense or income.

(ii) Fair values

The fair values of investments (unit trusts) are determined by reference to the managers' bid prices at close of business on the balance sheet date.

The book values of term loans with floating interest rates approximate to fair values intrinsically.

The fair values of long term payables with fixed interest rates are derived from the present values of future cash flows based on prevailing interest rates.

For cash and cash equivalents, trade and other receivables, trade and other payables, amount owing to directors, the carrying amounts approximate the fair values due to the relatively short term nature of these financial instruments.

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12. ACCOUNTANTS' REPORT (Cont'd)



4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

4.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits

(i) Short-term benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employee rendered the related service. Salaries, wages, allowances, bonuses, social security contributions and paid annual/sick leave are recognised as expenses in the period in which the services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by the employees that increase their entitlement to future compensated absences and short-term non accumulating absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post employment benefit plans under which MBL E and MBL T pay fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a statutory requirement, MBL E and MBL T make contribution to state pension scheme, the Employees Provident Fund ("EPF"). EPF contribution is recognised as an expense in the Income Statement as incurred.

(iii) Termination benefits

Termination benefits are employee benefits payable as a result of the decision of MBL E and MBL T to terminate the employee before the normal retirement date or the decision of the employee to accept voluntary redundancy in exchange of those benefits. Termination benefits are recognised as liabilities and expenses when, and only when, MBL E and MBL T are demonstrably committed to the termination or offer for voluntary redundancy.

(l) Revenue recognition

(i) Sales of goods

Revenue from sales of goods is recognised upon delivery of goods and acceptance by customers.

(ii) Dividends

Dividends from investments are recognised when the right to receive payment is established.

(iii) Interest

Interest on fixed deposits with licensed banks/bankers' acceptances (repo)/bank balances is recognised on an accrual basis.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****4.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Revenue recognition (Cont'd)***(iv) Rental*

Revenue from rental of property, plant and equipment is recognised on accrual basis at agreed rental rates.

(m) Income taxes

Tax expense is the aggregate amount included in the determination of net profit or loss for the year in respect of current tax and deferred tax.

Deferred tax is recognised in full by using the balance sheet liability method on temporary differences arising on the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent it is probable that sufficient taxable profit will be available against which the assets can be utilised.

Tax rates enacted or substantially enacted at the balance sheet date are used to determine deferred tax.

(n) Cash & cash equivalents

Cash & cash equivalents comprise cash/bank balances and fixed/other deposits with licensed banks (except those pledged as securities for credit facilities).

5. DIVIDENDS

Details of dividends paid by MBLT are as follows:-

FYE	Issued and paid-up capital RM'000	Dividend rate %	Type of dividend	Net amount of dividend paid RM'000
2007	200	187.50	Interim tax exempt dividend	375

Save as disclosed above, no further dividends have been paid or declared by the Group for the financial periods/years under review.

6. FINANCIAL INFORMATION

The MBL Group came into existence upon the completion of the Acquisitions as mentioned in Section 2.2 (a) on 30 June 2009, hence there are no audited consolidated financial statements of MBL for the FYE 2006, FYE 2007 and FYE 2008 except for FPE 2009.

The financial information of MBL, MBL Group, MBLE and MBLT as presented in Section 7.1, 7.2, 7.3 and 7.4 respectively are based on audited financial statements, modified as appropriate, for the purposes of this Report.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS

7.1 MBL

7.1.1 INCOME STATEMENTS

	Section	FYE 2006	FYE 2007	FYE 2008	FPE 2008 ^a	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Revenue		-	-	-	-	-
General & administration expenses		(5)	(543)	(3)	(1)	(6)
Loss from operations		(5)	(543)	(3)	(1)	(6)
Finance cost		-	-	-	-	-
Loss before tax ("LBT")	7.1.5	(5)	(543)	(3)	(1)	(6)
Tax expense	7.1.6	-	-	-	-	-
Loss after tax ("LAT")		(5)	(543)	(3)	(1)	(6)
Effective tax rate (%)		-	-	-	-	-
Gross profit ("GP") margin (%)		N/A	N/A	N/A	N/A	N/A
LBT margin (%)		N/A	N/A	N/A	N/A	N/A
Loss per share (RM)						
- Gross		(2,500)	(135,750)	(0.75)	(0.25)	-
- Net		(2,500)	(135,750)	(0.75)	(0.25)	-
Interest coverage ratio (times)		N/A	N/A	N/A	N/A	N/A
Gross dividend rate (%)		N/A	N/A	N/A	N/A	N/A

Notes:-

^a The Income Statements for the six-month financial period ended 30 June 2008 are unaudited and are included for comparison purpose only.

N/A Not applicable.

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12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.1 MBL (CONT'D)

7.1.2 BALANCE SHEETS

	Section	FPE 2006	FYE 2007	FYE 2008	FPE 2009
		RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSETS					
Property, plant & equipment		-	-	-	-
Investments in subsidiaries	7.1.7	-	-	-	35,500
CURRENT ASSETS					
Inventories		-	-	-	-
Trade receivables		-	-	-	-
Other receivables		-	-	69	1,062
Cash balances		-	-	-	-
		-	-	69	1,062
CURRENT LIABILITIES					
Trade payables		-	-	-	-
Other payables	7.1.8	5	6	3	1,619
		5	6	3	1,619
NET CURRENT ASSETS/(LIABILITIES)					
		(5)	(6)	66	(557)
NON CURRENT LIABILITIES					
Other payables	7.1.8	-	(542)	(617)	-
		(5)	(548)	(551)	34,943
CAPITAL & RESERVES					
Share capital	7.1.9	-	-	-	35,500
Accumulated loss		(5)	(548)	(551)	(557)
Shareholders' funds		(5)	(548)	(551)	34,943
Number of ordinary shares of RM1/0.50 each in issue ('000)		**	^	^	71,000
Net assets/(liabilities) ["NA"/("NL")] (RM'000)		(5)	(548)	(551)	34,943
NA/(NL) per share (RM)		(2,500)	(137,000)	(137,750)	0.49
Gearing ratio (all interest-bearing debts over shareholders' funds) (times)		N/A	N/A	N/A	N/A
Trade receivables turnover period (months)		-	-	-	-
Trade payables turnover period (months)		-	-	-	-
Inventories turnover period (months)		-	-	-	-

Notes:-

N/A

Not applicable.

•

Represents RM2.

**

Represents 2 ordinary shares of RM1.00 each.

^

Represents 4 ordinary shares of RM0.50 each.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.1 MBL (CONT'D)

7.1.3 STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
Issue of shares	-	-	-
Net loss for the period	-	(5)	(5)
Balance as at 31.12.06	-	(5)	(5)
Net loss for the year	-	(543)	(543)
Balance as at 31.12.07	-	(548)	(548)
Net loss for the year	-	(3)	(3)
Balance as at 31.12.08	-	(551)	(551)
Issue of shares	35,500	-	35,500
Net loss for the period	-	(6)	(6)
Balance as at 30.06.09	35,500	(557)	34,943

Note:-

- Represents RM2.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.1 MBL (CONT'D)

7.1.4 CASH FLOW STATEMENTS

	Section	FPE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax/ Operating loss before working capital changes		(5)	(543)	(3)	(1)	(6)
Increase/decrease in:						
Receivables		-	-	(69)	(8)	(993)
Payables		5	543	72	9	(611)
Subsidiaries		-	-	-	-	1,610
Cash generated from operations/ Net cash generated from operating activities		-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment in subsidiaries/ Net cash generated from investing activities	7.1.10	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares/ Net cash generated from financing activities	7.1.10	*	-	-	-	-
NET INCREASE IN CASH BALANCES						
Cash balances at the beginning of the year/period		-	*	*	*	*
Cash balances at the end of the year/period		*	*	*	*	*

Notes:-

Unaudited and is included for comparison purpose only.
* Represents RM2.

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.1 MBL (CONT'D)****7.1.5 LOSS BEFORE TAX**

	FYE 2006	FYE 2007	FYE 2008	FYE 2008 [*]	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Loss before tax is after charging:					
Audit fee					
- statutory audit	-	-	-	**	3
- special audit/other services	-	-	-	-	2
Preliminary expenditure	3	-	-	-	-

Notes -

^{*} Unaudited and is included for comparison purpose only.^{*} Represents RM500.^{**} Represents RM250.**7.1.6 TAX EXPENSE**

Reconciliation of the average effective tax rate (tax expense divided by loss before tax) and the applicable tax rate:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2008 [*]	FYE 2009
	%	%	%	%	%
Applicable tax rate	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Tax effect of expenses that are not deductible for tax purposes	20.0	20.0	20.0	20.0	20.0
Average effective tax rate	-	-	-	-	-

Note -

^{*} Unaudited and is included for comparison purpose only.**7.1.7 INVESTMENTS IN SUBSIDIARIES**

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	-	-	-	35,500

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.1 MBL (CONT'D)

7.1.7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name	Principal activities	Effective interest %
MBLE (166822-V)	Manufacturer of oil seed expellers and related parts	100
MBLT (664866-T)	Manufacturer of automated oil seed expellers and related parts	100

There has been no change in the effective interest during the FPE 2009.

7.1.8 OTHER PAYABLES

	FPE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Subsidiaries	-	-	-	1,610
Other payables	-	542	617	-
Accrued charges	5	6	3	9
	5	548	620	1,619

For FYE 2007 and FYE 2008, the other payables are unsecured and due later than one year. As the balance is interest free, the carrying amount equals the fair value.

7.1.9 SHARE CAPITAL

	FPE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Authorised: Shares of RM1/0.50 each	100	100	100	100,000
Issued and fully paid: Ordinary shares of RM1/0.50 each	*	*	*	35,500

Note:-

* Represents RM2.

During the FPE 2006, MBL issued the following ordinary shares of RM1 each at par for cash:-

Date	Number	Purpose
20 November 2006	2	Subscribers' shares

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.1 MBL (CONT'D)****7.1.9 SHARE CAPITAL (CONT'D)**

During the FYE 2007, MBL splitted its authorised capital from RM1 each to RM0.50 each.

MBL splitted the following ordinary shares of RM1 each to RM0.50 each at par:-

Date	Number	Purpose
22 February 2007	4	Shares split

The above shares rank *pari passu* in all respects with existing shares.

During the FPE 2009, MBL increased its authorised capital from RM100,000 to RM100,000,000 by the creation on an additional 199,800,000 ordinary shares of RM0.50 each.

MBL also issued the following ordinary shares of RM0.50 each at par to discharge the total consideration on the acquisition of investments in subsidiaries:-

Date	Number ('000)
30 June 2009	71,000

The above shares rank *pari passu* in all respects with existing shares.

7.1.10 CASH FLOW STATEMENTS**Acquisition of subsidiaries**

As the total purchase consideration is discharge by shares, there are no cash payments made to purchase of investments in subsidiaries and proceeds from issue of shares.

7.1.11 RELATED PARTY DISCLOSURES

	FPE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000
Amount owing to (included in "other payables")	-	542	617	-

Particulars of the related parties are as follow :

Name	Nature of relationship
MBLE	MBL is indirectly through intermediaries under common control with MBLE. Both the directors (who are the only members) of the Company are accustomed to act in accordance with the instructions of Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee ("CEK and 3 others"). CEK and 3 others have interest in MBLE over which they are in a position to exercise control. All the said persons are also the directors of MBLE. On 30 June 2009, MBLE become a wholly-subsiary of MBL (Section 7.1.12).

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.1 MBL (CONT'D)****7.1.12 SIGNIFICANT EVENTS**

Acquisition of subsidiaries

On 30 June 2009, MBL acquired investments in subsidiaries (Section 7.1.7) as follows:-

Name	Number ordinary shares of RM0.50 each acquired ('000)	Consideration RM'000	Effective rate (%)
MBLE	2,000	30,400	100
MBLT	200	5,100	100

7.1.13 COMPARATIVES

The comparatives for the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the FPE 2008 were not audited but have been reviewed by the same firm of chartered accountants.

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP****7.2.1 CONSOLIDATED INCOME STATEMENT**

	Section	FPE 2009
		RM'000
Revenue		-
Other income		3,105
General & administration expenses		(6)
Loss from operations		3,099
Finance cost		-
Profit before tax ("PBT")	7.2.5	3,099
Tax expense	7.2.6	-
Profit after tax ("PAT")		3,099
Effective tax rate (%)		-
GP margin (%)		-
PBT margin (%)		-
PAT margin (%)		-
Gross earnings per share ("EPS") (RM)		0.04
Net EPS (RM)		0.04
Interest coverage ratio (times)		N/A
Gross dividend rate (%)		N/A

Note:-

N/A *Not applicable.*

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.2 CONSOLIDATED BALANCE SHEET**

	Section	FPE 2009 RM'000
NON CURRENT ASSETS		
Property, plant & equipment	7.2.7	12,564
Prepaid lease payments	7.2.8	292
CURRENT ASSETS		
Inventories	7.2.9	11,147
Trade receivables	7.2.10	11,521
Other receivables	7.2.11	2,531
Current income taxes	7.2.12	211
Fixed/other deposits with licensed banks	7.2.13	5,248
Cash & bank balances		3,247
		33,905
CURRENT LIABILITIES		
Trade payables	7.2.14	2,260
Hire purchase payables	7.2.15	198
Other payables	7.2.16	3,129
Term loans	7.2.17	778
		6,365
NET CURRENT ASSETS		27,540
NON CURRENT LIABILITIES		
Hire purchase payables	7.2.15	152
Term loans	7.2.17	1,911
Deferred income taxes	7.2.18	285
		(2,348)
		38,048
CAPITAL & RESERVES		
Share capital	7.2.19	35,500
Unappropriated profit		2,548
Shareholders' funds		38,048
Number of ordinary shares of RM0.50 each in issue ('000)		71,000
NA (RM'000)		38,048
NA per share (RM)		0.54
Gearing ratio (all interest-bearing debts over shareholders' funds) (times)		0.08
Trade receivables turnover period (months)		-
Trade payables turnover period (months)		-
Inventories turnover period (months)		-

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Unappropriated profit/ (accumulated loss)	Total
	RM'000	RM'000	RM'000
Balance as at 01.01.09	*	(551)	(551)
Issue of shares	35,500	-	35,500
Net profit for the period	-	3,099	3,099
Balance as at 30.06.09	35,500	2,548	38,048

Note:-

* Represents RM2.

7.2.4 CONSOLIDATED CASH FLOW STATEMENT

	Section	FPE 2009
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		3,099
Adjustments for:		
Recognition of negative goodwill		(3,105)
Operating loss before working capital changes		(6)
Increase/decrease in:		
Receivables		(993)
Payables		999
Cash generated from operations/ Net cash generated from operating activities		-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries/ Net cash generated from investing activities	7.2.20 (a)	7,495
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH & CASH EQUIVALENTS		7,495
Cash & cash equivalents at the beginning of the period		*
Cash & cash equivalents at the end of the period	7.2.20 (b)	7,495

Note:-

* Represents RM2.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.5 PROFIT BEFORE TAX

	FPE 2009
	RM'000
Profit before tax is after charging:	
Audit fee	
- statutory audit	3
- special audit/other services	2
And crediting:	
Recognition of negative goodwill arising on business combination	3,105

7.2.6 TAX EXPENSE

Reconciliation of the average effective tax rate (tax expense divided by profit before tax) and the applicable tax rate:-

	FPE 2009
	%
Applicable tax rate	24.2
Tax effect of expenses that are not deductible for tax purposes	-
Income not subject to tax	(24.2)
Average effective tax rate	-

MBLE is claiming for Reinvestment Allowance ("RA") under Schedule 7A of the Income Tax Act, 1967. The RA is computed at 60% of the qualifying expenditure incurred within fifteen (15) years from YA 2005 (year in which the qualifying expenditure was first claimed).

MBLT has been granted 10 years pioneer status of 100% tax exemption on statutory business income on 21 November 2006 by the Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 for the manufacture of automated oil seed expellers and related parts.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.7 PROPERTY, PLANT & EQUIPMENT

	Land & buildings RM'000	Plant & machinery RM'000	Furniture, fittings & office equipment RM'000	Motor vehicles RM'000	Total RM'000
FPE 2009					
Cost					
Acquisition of subsidiaries/ Balance as at 30.06.09	10,753	2,759	780	2,567	16,859
Accumulated depreciation					
Acquisition of subsidiaries/ Balance as at 30.06.09	611	2,048	376	1,260	4,295
Net book value as at 30.06.09	10,142	711	404	1,307	12,564

	FPE 2009 RM'000
Net carrying amount of land & buildings	
- freehold	
- land	3,546
- buildings	5,482
	9,028
- short-term leasehold buildings	1,774
	10,142

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12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.7 PROPERTY, PLANT & EQUIPMENT (CONT'D)

	FPE 2009 RM'000
Net carrying amount of land and buildings charged as securities for credit facilities granted to MBLE	7,682
Net carrying amount of property, plant & equipment acquired under hire purchase installment plans	
- plant & machinery	203
- motor vehicles	834
	1,037
Cost of fully depreciated property, plant & equipment that are still in use	
- plant & machinery	1,071
- furniture, fittings & office equipment	117
- motor vehicles	459
	1,647

7.2.8 PREPAID LEASE PAYMENTS

	Short-term leasehold land RM'000
Cost	
Acquisition of subsidiaries/ Balance as at 30.06.09	394
Accumulated amortisation	
Acquisition of subsidiaries/ Balance as at 30.06.09	102
Carrying amount as at 30.06.09	292

The only short-term leasehold land has been charged as a security for credit facilities granted to MBLE.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.9 INVENTORIES

	FPE 2009
	RM'000
Raw materials	4,142
Work-in-progress	7,005
	11,147

7.2.10 TRADE RECEIVABLES

The normal credit periods granted to customers range from 1 to 4 months. However, credit periods granted to customers for plant setup sales and services are based on mutually agreed terms. These terms vary according to projects size and plant capacity.

The ageing analysis of total trade receivables as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total
		1	1-2	2-3	3-4	4-6	6-12	>12	
		Month	Months	Months	Months	Months	Months	Months	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables of:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	1,828	1,168	403	191	1,432	109	215	5,346
Plant setup sales and services	Project/Contract term	2,015	-	-	-	543	3,151	466	6,175
Total		3,843	1,168	403	191	1,975	3,260	681	11,521
% of total trade receivables:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	15.87	10.14	3.50	1.66	12.43	0.94	1.86	46.40
Plant setup sales and services	Project/Contract term	17.49	-	-	-	4.71	27.35	4.05	53.60
Total		33.36	10.14	3.50	1.66	17.14	28.29	5.91	100.00

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.11 OTHER RECEIVABLES

	FPE 2009
	RM'000
Other receivables	250
Deposits & prepayments	2,281
	2,531

7.2.12 CURRENT INCOME TAXES RECOVERABLE

	FPE 2009
	RM'000
Acquisition of subsidiaries/ Balance carried forward	(211)

7.2.13 FIXED/OTHER DEPOSITS WITH LICENSED BANKS

	FPE 2009
	RM'000
Amount pledged as securities for bank guarantees granted to the subsidiaries	956
Amount not pledged	4,292
	5,248
Interest rate	1.60% p.a. to 3.70% p.a.

7.2.14 TRADE PAYABLES

The normal credit periods granted by suppliers ranged from 1 to 4 months.

The trade payables ageing analysis as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total RM'000
		1 Month RM'000	1-2 Months RM'000	2-3 Months RM'000	3-4 Months RM'000	4-6 Months RM'000	6-12 Months RM'000	>12 Months RM'000	
Trade payables	1 to 4 months	1,664	407	21	-	-	143	25	2,260
% of total trade payables		73.63	18.01	0.93	-	-	6.33	1.10	100.00

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.15 HIRE PURCHASE PAYABLES**

	FPE 2009
	RM'000
Balance outstanding net of unexpired term charges RM18,000	350
Amount due not later than one year (shown under current liabilities)	198
Amount due later than one year and not later than five years	152
Fair value	334

Principal	Term of repayment	Interest rate
FPE 2009: RM796,000	Amount (including interest) per installment: RM3,000 to RM5,000 Duration: 36 months Commencement date: August 2006 to October 2008	2.35% p.a. to 3.59% p.a.

The hire purchase payables are secured by property, plant and equipment at net carrying amount as disclosed in Section 7.2.7.

7.2.16 OTHER PAYABLES

	FPE 2009
	RM'000
Customers' deposits	2,609
Other payables	198
Accrued charges	322
	3,129

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.17 TERM LOANS (SECURED)**

	FPE 2009
	RM'000
Principal outstanding	2,689
Amount due not later than one year (shown under current liabilities)	778
Amount due later than one year and not later than five years	1,911
Fair value	2,485

Principal	Term of repayment	Interest rate
FPE 2009: RM3,000,000	Amount (including finance charge) per installment: RM19,000 to RM39,000 Duration: 60 months Commencement date: August 2007	Al Bai Bithaman Ajil (BBA) financing at 4.00% p.a. to 6.25% p.a.
FPE 2009: RM1,000,000	Amount (including interest) per installment: RM20,000 Duration: 60 months Commencement date: January 2008	6.20% p.a. to 7.15% p.a. on monthly rest basis

The term loans are secured by:-

- (i) legal charges over
 - a freehold land and building of MBLE (for BBA financing only)
 - two pieces of freehold land of MBLE (for term loans and other credit facilities)
- (ii) joint and several guarantee by certain directors of MBLE.

7.2.18 DEFERRED INCOME TAXES

	FPE 2009
	RM'000
Acquisition of subsidiaries/ Balance carried forward	285

The balance of deferred income taxes represents the tax effect of temporary differences arising on excess of capital allowances over accounting depreciation.

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.19 SHARE CAPITAL**

	FPE 2009
	RM'000
Authorised:	
Ordinary shares of RM0.50 each	100,000
Issued and fully paid:	
Ordinary shares of RM0.50 each	35,500

7.2.20 CASH FLOW STATEMENT

		FPE 2009
		RM'000
(a)	Acquisition of subsidiaries	
	Fair value of assets acquired and liabilities assumed:	
	Property, plant & equipment	12,564
	Prepaid lease payments	292
	Inventories	11,147
	Trade receivables	11,521
	Other receivables	3,704
	Fixed/other deposits with licensed banks	5,248
	Current income taxes	211
	Cash & bank balances	3,247
	Trade payables	(2,260)
	Hire purchase payables	(350)
	Other payables	(3,745)
	Term loans	(2,689)
	Deferred income taxes	(285)
	Net asset acquired	38,605
	Negative goodwill on acquisition	(3,105)
	Total cost of acquisition	35,500
	Total purchase consideration discharged by shares	(35,500)
	Cash & cash equivalents of subsidiaries acquired	7,495
	Net cash inflow on acquisition of subsidiaries	7,495

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.20 CASH FLOW STATEMENT (CONT'D)**

		FPE 2009
		RM'000
(b)	Cash & cash equivalents	
	Fixed/other deposits with licensed banks	5,248
	Cash & bank balances	3,247
		8,495
	Fixed/other deposits pledged	(956)
		7,539
	Unrealised exchange gain	(44)
		7,495
(c)	Credit facilities	
	Amount of undrawn/unused credit facilities that may be available for future operating activities	7,287

The credit facilities are secured in the same manner as described in Section 7.2.17 of this Report and further by:-

- (i) legal charges over the only short-term leasehold building of MBLE.
- (ii) corporate guarantee of RM2,400,000 executed by MBLT.

7.2.21 FINANCIAL INSTRUMENTS**Foreign currency exposure profile**

	Trade receivables	Other receivables	Cash & bank balances	Trade payables	Other payables	Net exposure
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign currency exposure profile						
FPE 2009						
CNY	-	-	-	38	-	(38)
SGD	-	30	-	69	-	(39)
USD	2,380	94	741	-	2,528	687

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.2 MBL GROUP (CONT'D)****7.2.22 BANK GUARANTEES (SECURED)**

Particulars of the bank guarantees which are secured in the same manner as described in Section 7.2.13 of this Report are as follow:-

Nature	Expiry date	Amount Issued RM'000	Amount outstanding RM'000
FPE 2009 Financial guarantee for customs duties and supply of electricity	April 2010 to November 2010	43	-

7.2.23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Group involving the use of financial instruments expose it to a variety of financial risks including interest rate risk, credit risk, liquidity risk and foreign currency risk. The overall financial risk management objectives of the Group are to ensure that adequate financial resources are available for the development of the business and to minimise potential adverse effects on its financial performance.

Financial risk management is carried out through risk review, internal control systems and adherence to financial risk management policies. The Board of Directors regularly reviews these risks and approves the policies covering the management of these risks. The Group does not trade in derivative instruments.

(a) Interest rate risk

The Group is exposed to interest rate risk which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to interest rate risk relates primarily to fixed/other deposits and interest bearing borrowings.

Fixed/other deposits are placed with licensed banks (including those as securities for credit facilities) to earn interest income based on prevailing market rates. The Group manages its interest rate risk by placing such funds on short tenures of 12 months or less.

The policy of the Group is to borrow on fixed/floating rate basis to finance capital expenditure/operations. The Group does not hedge its interest rate risk. The Group has a policy to ensure that the interest rates obtained are competitive under the most favorable terms and conditions.

(b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group minimises and monitors its credit risk by dealing with credit worthy counter parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter parties as a mean of mitigating losses in the event of default. Trade receivables are monitored on an ongoing basis.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.2 MBL GROUP (CONT'D)

7.2.23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

The Group seeks to maintain optimum levels of liquidity at all times, sufficient for its operating, investing and financing activities.

The policy is to ensure that through efficient working capital management (accounts receivable and accounts payable management), the Group are able to convert its current assets into cash to meet all demands for payments as and when they fall due.

Owing to the nature of its business, the Group seeks to maintain sufficient credit lines available to meet its liquidity/contingent funding requirement while ensuring effective working capital management.

(d) Foreign currency risk

The Group is exposed to foreign currency risk on transactions, assets and liabilities denominated in a currency other than the Malaysia Ringgit. The currencies giving to this risk are those of the countries with which the Group trades. Foreign exchange exposures in transactional currencies are kept to an acceptance level. The Group uses foreign currency forward contracts to hedge its material foreign currency exposures.

7.2.24 COMPARATIVES

There are no comparatives for the Group as this is the first set of financial statements prepared by the Group.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE

7.3.1 INCOME STATEMENTS

	Section	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7.3.5	24,113	33,333	35,373	31,016	9,906	8,584
Cost of sales		(14,766)	(20,185)	(22,479)	(19,621)	(6,674)	(5,147)
Gross profit		9,347	13,148	12,894	11,395	3,232	3,437
Other operating income		274	376	402	726	278	263
Distribution & administration expenses		(3,129)	(4,848)	(5,123)	(5,425)	(2,975)	(2,589)
Profit from operations	7.3.6	6,492	8,676	8,173	6,696	535	1,111
Exceptional items	7.3.7	-	-	-	-	-	(415)
Finance cost	7.3.8	(27)	(27)	(94)	(242)	(129)	(102)
PBT		6,465	8,649	8,079	6,454	406	594
Tax expense	7.3.9	(2,312)	(2,336)	(1,735)	(1,837)	(123)	(318)
PAT		4,153	6,313	6,344	4,617	283	276
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		7,001	9,249	8,867	7,457	901	1,060
Effective tax rate (%)		35.76	27.01	21.48	28.46	30.30	53.54
GP margin (%)		38.76	39.44	36.45	36.74	32.63	40.04
PBT margin (%)		26.81	25.95	22.84	20.81	4.10	6.92
PAT margin (%)		17.22	18.94	17.93	14.89	2.86	3.22
Gross EPS [^] (RM)		11.93	6.92	4.04	3.23	0.20	0.30
Net EPS [^] (RM)		7.66	5.05	3.17	2.31	0.14	0.14
Interest coverage ratio (times)		240.44	321.33	86.95	27.67	4.15	6.82

Notes:-

* The Income Statements for the six-month financial period ended 30 June 2008 are unaudited and are included for comparison purpose only.

^ EPS is calculated based on the weighted average number of shares for the financial years/period.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.2 BALANCE SHEETS

		FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	Section	RM'000	RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSETS						
Property, plant & equipment	7.3.10	6,209	7,270	12,060	12,488	12,321
Prepaid lease payments	7.3.11	315	308	301	295	292
Investments	7.3.12	200	200	200	-	-
CURRENT ASSETS						
Inventories	7.3.13	5,453	9,879	7,279	7,556	6,724
Trade receivables	7.3.14	5,278	7,262	16,367	15,698	8,318
Other receivables	7.3.15	560	577	908	1,467	3,407
Current income taxes recoverable	7.3.16	188	-	-	-	211
Fixed/other deposits with licensed banks	7.3.17	885	1,250	1,423	1,343	3,667
Cash & bank balances		2,830	2,260	2,061	1,097	1,424
		15,194	21,228	28,038	27,161	23,751
CURRENT LIABILITIES						
Trade payables	7.3.18	6,233	4,825	6,585	3,282	1,143
Hire purchase payables	7.3.19	223	250	258	246	198
Other payables	7.3.20	2,644	3,620	3,784	1,606	946
Term loans	7.3.21	-	-	715	764	778
Current income taxes payable	7.3.16	-	164	209	543	-
		9,100	8,859	11,551	6,441	3,065
NET CURRENT ASSETS						
		6,094	12,369	16,487	20,720	20,686
NON CURRENT LIABILITIES						
Hire purchase payables	7.3.19	226	251	81	237	152
Term loans	7.3.21	-	-	2,615	2,298	1,911
Deferred income taxes	7.3.22	174	165	277	276	268
		(400)	(416)	(2,973)	(2,811)	(2,331)
		12,418	19,731	26,075	30,692	30,968
CAPITAL & RESERVES						
Share capital	7.3.23	1,000	2,000	2,000	2,000	2,000
Retained profits		11,418	17,731	24,075	28,692	28,968
Shareholders' funds		12,418	19,731	26,075	30,692	30,968

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.2 BALANCE SHEETS (CONT'D)**

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
NA (RM'000)	12,418	19,731	26,075	30,692	30,968
NA per share (RM)	12.42	9.87	13.04	15.35	15.48
Gearing ratio (all interest-bearing debts over shareholders' funds) (times)	0.04	0.03	0.14	0.12	0.10
Trade receivables turnover period (months)	2.6	2.6	5.6	6.1	5.8
Trade payables turnover period (months)	4.5	2.5	4.4	2.2	2.0
Inventories turnover period (months)	4.4	5.9	3.9	4.6	7.8

7.3.3 STATEMENTS OF CHANGES IN EQUITY

	Share capital	Unappropriated profit	Total
	RM'000	RM'000	RM'000
Balance as at 01.01.05	500	7,265	7,765
Issue of shares	500	-	500
Net profit for the year	-	4,153	4,153
Balance as at 31.12.05	1,000	11,418	12,418
Issue of shares	1,000	-	1,000
Net profit for the year	-	6,313	6,313
Balance as at 31.12.06	2,000	17,731	19,731
Net profit for the year	-	6,344	6,344
Balance as at 31.12.07	2,000	24,075	26,075
Net profit for the year	-	4,617	4,617
Balance as at 31.12.08	2,000	28,692	30,692
Net profit for the period	-	276	276
Balance as at 30.06.09	2,000	28,968	30,968

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.4 CASH FLOW STATEMENTS

	Section	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax but after exceptional items		6,465	8,649	8,079	6,454	406	594
Adjustments	7.3.24 (a)	343	347	1,061	763	338	348
Operating profit before working capital changes		6,808	8,996	9,140	7,217	744	942
Changes in working capital	7.3.24 (b)	(2,742)	(6,627)	(6,791)	(5,648)	1,514	3,324
Cash generated from operations		4,066	2,369	2,349	1,569	2,258	4,266
Tax paid		(3,178)	(7,993)	(1,578)	(1,504)	(600)	(1,080)
Interest paid		(27)	(27)	(94)	(742)	(129)	(102)
Interest received		31	54	44	63	28	34
Net cash generated from/(used in) operating activities		892	403	721	(114)	1,557	3,118
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from disposal of:							
- property, plant & equipment		340	5	-	195	188	202
- investments		-	-	-	235	-	-
Purchase of property, plant & equipment	7.3.24 (c)	(893)	(1,369)	(1,250)	(777)	(543)	(145)
Net cash generated from/(used in) investing activities		(553)	(1,364)	(1,250)	(347)	(355)	57
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from:							
- issue of shares		500	1,000	-	-	-	-
- term loans		-	-	1,000	450	450	-
Repayment of:							
- term loans		-	-	(221)	(717)	(353)	(373)
- hire purchase payables		(218)	(244)	(277)	(356)	(232)	(133)
Withdrawal/(placement) of fixed deposits		(3)	(769)	(157)	96	112	(11)
Net cash generated from/(used in) financing activities		279	(13)	345	(527)	(23)	(517)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		618	(974)	(184)	(988)	1,179	2,658
Cash & cash equivalents at the beginning of the year/period		3,055	3,673	2,699	2,515	2,515	1,527
Cash & cash equivalents at the end of the year/period	7.3.24 (d)	3,673	2,699	2,515	1,527	3,694	4,185

Note:-

Unaudited and is included for comparison purpose only.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MILE (CONT'D)

7.3.5 REVENUE

Revenue represents sales of goods less returns and discounts.

7.3.6 PROFIT FROM OPERATIONS

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008*	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit from operations is after charging:						
Amortisation of prepaid lease payments	7	7	7	6	3	3
Audit fee						
- statutory audit	8	12	15	15	8	8
- special audit/other services	3	-	-	-	-	13
Depreciation	532	617	729	817	390	394
Directors' remuneration						
- salaries, allowances & bonuses	351	625	854	981	466	488
- EPF contributions	42	75	103	118	56	58
Professional fees paid to a firm of which a director is a member	N/A	1	1	1	1	1
Rental of buildings	-	-	11	14	7	7
Research & development costs						
- directors' remuneration						
- salaries, allowances & bonuses	117	195	267	271	128	139
- EPF contributions	14	23	26	32	15	17
- depreciation	-	3	2	1	1	1
- staff cost						
- salaries, allowances & bonuses	66	74	23	59	36	18
- EPF & Soeso contributions	9	10	10	8	5	3
- others	22	60	9	28	12	3
Staff cost						
- salaries, wages, allowances & bonuses	1,323	1,611	1,323	1,577	784	699
- EPF & Soeso contributions	136	174	126	143	67	65
And crediting:						
Gain on foreign exchange						
- realised from transactions	-	-	315	301	52	-
- unrealised on translations	25	273	-	41	-	23
Interest on						
- bank balances	-	-	-	1	-	3
- bankers' acceptances (repo)	-	15	-	14	4	13
- fixed deposits with licensed banks	30	39	44	48	24	18
Rental of buildings	43	43	43	122	41	70
Surplus on disposal of						
- property, plant & equipment	176	5	-	164	157	136
- investments	-	-	-	35	-	-

Notes:-

* Unaudited and is included for comparison purpose only.

N/A Not applicable.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.7 EXCEPTIONAL ITEMS

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating activities: Loss on foreign exchange (realised)	-	-	-	-	-	415

7.3.8 FINANCE COST

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest/finance charge on						
- hire purchase	27	27	24	23	11	12
- term loans	-	-	70	219	118	90
	27	27	94	242	129	102

7.3.9 TAX EXPENSE

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense						
- estimation for current period	1,423	2,311	1,501	1,728	75	141
- understatement for prior periods	845	34	122	110	33	185
	2,268	2,345	1,623	1,838	108	326
Deferred tax expense/(income)						
- change in applicable tax rate	-	-	(2)	(6)	(6)	-
- recognition/(reversal) for current period	3	(7)	114	32	21	(12)
- under/(over) recognition for prior periods	41	(2)	-	(27)	-	4
	44	(9)	112	(1)	15	(8)
	2,312	2,336	1,735	1,837	123	318

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount of tax savings in the current year due to the utilisation of reinvestment allowance	-	37	657	19	10	4

Note:-

[#] Unaudited and is included for comparison purpose only.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.9 TAX EXPENSE (CONT'D)

Reconciliation of the average effective tax rate (tax expense divided by profit before tax) and the applicable tax rate:

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 ^a	FPE 2009
	%	%	%	%	%	%
Applicable tax rate	27.4	27.5	26.6	25.5	20.0	20.8
Tax effect of expenses that are not deductible for tax purposes	1.7	1.0	1.8	2.4	12.5	7.4
Expenses eligible for double deduction	(1.2)	(0.1)	(0.1)	-	(0.5)	(0.7)
Income not subject to tax	(0.6)	-	-	(0.4)	(6.0)	(5.1)
Utilisation of						
- export allowance	(0.9)	-	-	-	-	-
- reinvestment allowance	-	(0.4)	(8.1)	(0.2)	(2.4)	(0.7)
Adjustment for composite assessment	(4.4)	-	-	-	-	-
Underestimation for current income taxes	-	(1.4)	(0.4)	-	-	-
Change in applicable tax rate on opening deferred income taxes	-	-	-	(0.1)	(1.5)	-
Over recognition for deferred income taxes	-	-	0.2	-	-	-
Adjustment for variance of current and deferred tax computation on current year temporary differences of capital allowances and accounting depreciation	-	-	-	-	(0.2)	-
Rounding differences	-	-	-	-	0.3	-
Average effective tax rate	22.0	26.6	20.0	27.2	22.2	21.7

Note -

^a Unaudited and is included for comparison purpose only.

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.9 TAX EXPENSE (CONT'D)

Year of assessment ("YA")	Income tax rate on chargeable income above RM500,000
2006	28%
2007	27%
2008	26%
2009	25%

MBLE is claiming for Reinvestment Allowance ("RA") under Schedule 7A of the Income Tax Act, 1967. The income tax computation has been prepared on the basis that the RA has been granted. The RA is computed at 60% of the qualifying expenditure incurred within fifteen (15) years from YA 2005 (year in which the qualifying expenditure was first claimed).

Based on the estimated tax credit/exempt income available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of MBLE may be distributed by way of dividends without incurring additional tax liability under Section 108 of the Income Tax Act, 1967.

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tax exempt income	1,375	1,508	3,941	4,014	4,014	4,032

Note:-

[#] Unaudited and is included for comparison purpose only.

MBLE has available Section 108 tax credit balance and has not elected to switch over to the single tier tax system introduced by Section 20 of the Finance Act, 2007 with effect from Year of Assessment 2008. Hence MBLE is allowed to use the tax credits as at 31 December 2007 for dividend distribution during the transitional period of six (6) years until 31 December 2013. When MBLE has fully utilised the Section 108 tax credit at any time during the transitional period or by 31 December 2013, MBLE will automatically move to the single tier tax system.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.10 PROPERTY, PLANT & EQUIPMENT

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
FYE 2005	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.05	4,488	1,793	256	1,479	8,016
Additions	116	348	72	791	1,327
Disposals	-	(21)	(9)	(611)	(641)
Balance as at 31.12.05	4,604	2,120	319	1,659	8,702
Accumulated depreciation					
Balance as at 01.01.05	185	1,232	138	884	2,439
Charge for the year	39	180	38	274	531
Disposals	-	(21)	(9)	(447)	(477)
Balance as at 31.12.05	224	1,391	167	711	2,493
Net book value as at 31.12.05	4,380	729	152	948	6,209
Net book value as at 31.12.04	4,303	561	118	595	5,577
Depreciation charge for 2004	37	148	22	252	459

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.10 PROPERTY, PLANT & EQUIPMENT (CONT'D)**

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
FYE 2006	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.06	4,604	2,120	319	1,659	8,702
Additions	975	324	80	306	1,685
Disposals/adjustments	-	-	-	(36)	(36)
Balance as at 31.12.06	5,579	2,444	399	1,929	10,351
Accumulated depreciation					
Balance as at 01.01.06	224	1,391	167	711	2,493
Charge for the year	39	208	39	334	620
Disposals	-	-	-	(32)	(32)
Balance as at 31.12.06	263	1,599	206	1,013	3,081
Net book value as at 31.12.06	5,316	845	193	916	7,270
Net book value as at 31.12.05	4,380	729	152	948	6,209
Depreciation charge for 2005	39	180	38	274	531

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBL (CONT'D)

7.3.10 PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
FYE 2007	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.07	5,579	2,444	399	1,929	10,351
Additions	5,235	10	150	126	5,521
Balance as at 31.12.07	10,814	2,454	549	2,055	15,872
Accumulated depreciation					
Balance as at 01.01.07	263	1,599	206	1,013	3,081
Charge for the year	129	190	52	360	731
Balance as at 31.12.07	392	1,789	258	1,373	3,812
Net book value as at 31.12.07	10,422	665	291	682	12,060
Net book value as at 31.12.06	5,316	845	193	916	7,270
Depreciation charge for 2006	39	208	39	334	620

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
FYE 2008	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.08	10,814	2,454	549	2,055	15,872
Additions	42	42	199	994	1,277
Disposals	-	-	-	(379)	(379)
Balance as at 31.12.08	10,856	2,496	748	2,670	16,770
Accumulated depreciation					
Balance as at 01.01.08	392	1,789	258	1,373	3,812
Charge for the year	146	162	72	438	818
Disposals	-	-	-	(348)	(348)
Balance as at 31.12.08	538	1,951	330	1,463	4,282
Net book value as at 31.12.08	10,318	545	418	1,207	12,488
Net book value as at 31.12.07	10,422	665	291	682	12,060
Depreciation charge for 2007	129	190	52	360	731

12. ACCOUNTANTS' REPORT (Cont'd)


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7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.10 PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
FPE 2009	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.09	10,856	2,496	748	2,670	16,770
Additions	-	9	11	377	397
Disposals	-	-	-	(480)	(480)
Adjustments	(103)	-	-	-	(103)
Balance as at 30.06.09	10,753	2,505	759	2,567	16,584
Accumulated depreciation					
Balance as at 01.01.09	538	1,951	330	1,463	4,282
Charge for the period	73	72	39	211	395
Disposals	-	-	-	(414)	(414)
Balance as at 30.06.09	611	2,023	369	1,260	4,263
Net book value as at 30.06.09	10,142	482	390	1,307	12,321
Net book value as at 31.12.08	10,318	545	418	1,207	12,488
Depreciation charge for 6 months ended 30.06.2008	73	82	34	202	391

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Net carrying amount of land & buildings					
- freehold					
- land	2,265	2,266	3,539	3,649	3,546
- buildings	911	1,366	5,726	5,541	5,482
	3,176	3,632	9,265	9,190	9,028
- short-term leasehold buildings	1,204	1,176	1,157	1,128	1,114
	4,380	4,808	10,422	10,318	10,142
- freehold buildings work-in progress	-	508	-	-	-
	4,380	5,316	10,422	10,318	10,142

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.10 PROPERTY, PLANT & EQUIPMENT (CONT'D)

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Net carrying amount of land and buildings charged as securities for credit facilities granted to MBLE	1,519	1,484	7,725	7,851	7,682
Net carrying amount of property, plant & equipment acquired under hire purchase installment plans					
- plant & machinery	296	544	480	218	203
- motor vehicles	946	850	469	960	834
	1,242	1,394	949	1,178	1,037
Cost of fully depreciated property, plant & equipment that are still in use					
- plant & machinery	354	557	838	1,071	1,071
- furniture, fittings & office equipment	56	67	100	117	117
- motor vehicles	286	254	422	459	459
	696	878	1,360	1,647	1,647

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12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLF (CONT'D)****7.3.11 PREPAID LEASE PAYMENTS**

	Short-term leasehold land				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
Balance as at 01.01/ Effect of adopting FRS 117/ Balance as at 31.12/30.06	394	394	394	394	394
Accumulated amortisation					
Balance as at 01.01/ Effect of adopting FRS 117	72	79	86	93	99
Charge for the period	7	7	7	6	3
Balance as at 31.12/30.06	79	86	93	99	102
Carrying amount as at 31.12/30.06	315	308	301	295	292
Carrying amount at as 31.12.2004/2005/ 2006/2007/2008 (restated)	322	315	308	301	295
Amortisation charge for 2004/2005/2006/2007/ 6 months ended 30.06.2008 (restated)	7	7	7	7	3

The only short-term leasehold land has been charged as a security for credit facilities granted to MBLF.

7.3.12 INVESTMENTS

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted unit trusts, at cost	200	200	200	-	-
Managers' price	214	227	276	-	-

7.3.13 INVENTORIES

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Raw materials	4,829	7,291	5,366	5,718	3,135
Work-in-progress	624	2,588	1,913	1,838	3,589
	5,453	9,879	7,279	7,556	6,724

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.14 TRADE RECEIVABLES

The normal credit periods granted to customers range from 1 to 4 months. However, credit periods granted to customers for plant setup sales and services are based on mutually agreed terms. These terms vary according to projects size and plant capacity.

The ageing analysis of total trade receivables as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total RM'000
		1 Month RM'000	1-2 Months RM'000	2-3 Months RM'000	3-4 Months RM'000	4-6 Months RM'000	6-12 Months RM'000	>12 Months RM'000	
Trade receivables of:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	1,701	627	239	191	1,432	109	215	4,514
Plant setup sales and services	Project/Contract term	211	-	-	-	543	2,862	188	3,804
Total		1,912	627	239	191	1,975	2,971	403	8,318
% of total trade receivables:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	20.45	7.54	2.87	2.30	17.22	1.31	2.58	54.27
Plant setup sales and services	Project/Contract term	2.54	-	-	-	6.52	34.41	2.26	45.73
Total		22.99	7.54	2.87	2.30	23.74	35.72	4.84	100.00

7.3.15 OTHER RECEIVABLES

	FYE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Holding company	-	-	-	-	1,610
Related companies	-	-	-	-	625
Other receivables	211	300	708	767	120
Deposits & prepayments	349	277	200	700	1,052
	560	577	908	1,467	3,407

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.16 CURRENT INCOME TAXES PAYABLE/(RECOVERABLE)

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	722	(188)	164	209	543
Estimation for current period	1,423	2,311	1,501	1,728	141
Underestimation for prior periods	845	34	122	110	185
	2,268	2,315	1,623	1,838	326
Tax paid	2,990	2,157	1,787	2,047	869
Balance as at 31 December/ 30 June	(3,178)	(1,993)	(1,578)	(1,504)	(1,080)
	(188)	164	209	543	(211)

7.3.17 FIXED/OTHER DEPOSITS WITH LICENSED BANKS

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount pledged as securities for bank guarantees granted to MBLIC	42	811	969	872	883
Amount not pledged	843	439	454	471	2,784
	885	1,250	1,423	1,343	3,667
Interest rate	2.75% p.a. to 3.70% p.a.	3.00% p.a. to 3.88% p.a.	3.00% p.a. to 3.88% p.a.	3.25% p.a. to 3.70% p.a.	1.60% p.a. to 3.70% p.a.

7.3.18 TRADE PAYABLES

The normal credit periods granted by suppliers ranged from 1 to 4 months.

The trade payables ageing analysis as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total
		1	1-2	2-3	3-4	4-6	6-12	>12	
		Month	Months	Months	Months	Months	Months	Months	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	1 to 4 months	712	267	21	-	-	118	25	1,143
% of total trade payables		62.29	23.36	1.84	-	-	10.32	2.19	100.00

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.19 HIRE PURCHASE PAYABLES

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance outstanding net of unexpired term charges					
- 2005: RM35,000	449				
- 2006: RM36,000		501			
- 2007: RM12,000			339		
- 2008: RM29,000				483	
- 2009: RM18,000					350
Amount due not later than one year (shown under current liabilities)	223	250	258	246	198
Amount due later than one year and not later than five years	226	251	81	237	152
Fair value	428	477	329	459	334

Principal	Term of repayment	Interest rate
FYE 2005: RM695,000	Amount (including interest) per installment: RM1,000 to RM6,000 Duration: 24 to 36 months Commencement date: May 2003 to December 2005	2.65% p.a. to 3.70% p.a.
FYE 2006: RM931,000	Amount (including interest) per installment: RM1,000 to RM6,000 Duration: 24 to 36 months Commencement date: February 2004 to December 2006	2.65% p.a. to 3.70% p.a.
FYE 2007: RM796,000	Amount (including interest) per installment: RM1,000 to RM10,000 Duration: 12 to 36 months Commencement date: February 2005 to October 2007	2.65% p.a. to 3.35% p.a.
FYE 2008 & FPE 2009: RM796,000	Amount (including interest) per installment: RM3,000 to RM5,000 Duration: 36 months Commencement date: August 2008 to October 2008	2.35% p.a. to 3.59% p.a.

The hire purchase payables are secured by property, plant and equipment at net carrying amount as disclosed in Section 7.3.10.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.20 OTHER PAYABLES

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Customers' deposits	2,332	3,404	1,074	960	518
Other payables	171	90	2,443	450	182
Accrued charges	141	126	267	196	246
	2,644	3,620	3,784	1,606	946

7.3.21 TERM LOANS (SECURED)

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Principal outstanding	-	-	3,330	3,062	2,689
Amount due not later than one year (shown under current liabilities)	-	-	715	764	778
Amount due later than one year and not later than five years	-	-	2,615	2,298	1,911
Fair value	-	-	2,936	2,799	2,485

Principal	Term of repayment	Interest rate
FYE 2007, FYE 2008 & FYE 2009: RM3,000,000	Amount (including finance charge) per installment: RM19,000 to RM39,000 Duration: 60 months Commencement date: August 2007	Al Bai Bithaman Ajjil (IBBA) financing at 4.00% p.a. to 6.25% p.a.
FYE 2007: RM1,000,000 (Note: RM550,000 drawn down as at year end)	Amount (including interest) per installment: RM20,000 Duration: 60 months Commencement date: January 2008	7.40% p.a. on monthly rest basis
FYE 2008: RM1,000,000	Amount (including interest) per installment: RM20,000 Duration: 60 months Commencement date: January 2008	6.20% p.a. to 7.40% p.a. on monthly rest basis
FYE 2009: RM1,000,000	Same as above	6.20% p.a. to 7.15% p.a. on monthly rest basis

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.21 TERM LOANS (SECURED) (CONT'D)**

The term loans are secured by:-

- (i) legal charges over
 - a freehold land and building of MBLE (for BBA financing only)
 - two pieces of freehold land of MBLE (for term loans and other credit facilities also)
- (ii) joint and several guarantee by certain directors.

7.3.22 DEFERRED INCOME TAXES

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	130	174	165	277	276
Amount transferred from/(to) Income Statement on liability					
- change in applicable tax rate	-	-	(2)	(6)	-
- recognition/(reversal) for current period	3	(7)	114	32	(12)
- under/(over) recognition for prior periods	41	(2)	-	(27)	4
	44	(9)	112	(1)	(8)
Balance as at 31 December/30 June	174	165	277	276	268

The balance of deferred income taxes represents the tax effect of temporary differences arising on excess of capital allowances over accounting depreciation.

7.3.23 SHARE CAPITAL

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised:					
Ordinary shares of RM1 each	1,000	5,000	5,000	5,000	5,000
Issued and fully paid:					
Ordinary shares of RM1 each	1,000	2,000	2,000	2,000	2,000

For FYE 2005, MBLE issued the following ordinary shares of RM1 each at par for cash:-

Date	Number	Purpose
25 November 2005	500,000	Working capital

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.23 SHARE CAPITAL (CONT'D)**

During the FYE 2006, MBLE increased its authorised capital from RM1,000,000 to RM5,000,000 by the creation of an additional 4,000,000 ordinary shares of RM1 each.

MBLE also issued the following ordinary shares of RM1 each at par for cash:-

Date	Number	Purpose
29 September 2006	1,000,000	Working capital

The above shares rank *pari passu* in all respects with the existing shares.

7.3.24 CASH FLOW STATEMENTS

		FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a)	Adjustments						
	Surplus on disposal of						
	- property, plant						
	equipment	(176)	(5)	-	(164)	(157)	(136)
	- investments	-	-	-	(35)	-	-
	Depreciation	531	620	731	818	391	395
	Amortisation of prepaid						
	lease payments	7	7	7	6	3	3
	Bad debts	3	-	-	-	-	-
	Interest paid/finance						
	charge	27	27	94	242	129	102
	Interest received	(30)	(54)	(44)	(63)	(28)	(34)
	Realised/unrealised						
	exchange differences	(19)	(248)	273	(41)	-	18
		343	347	1,061	763	338	348
(b)	Changes in working						
	capital						
	Increase/decrease in:						
	Inventories	(3,514)	(4,426)	2,600	(277)	(2,494)	832
	Receivables	(1,351)	(1,914)	(9,709)	110	6,646	7,059
	Payables	2,123	(287)	318	(5,481)	(2,638)	(2,948)
	Holding Company	-	-	-	-	-	(994)
	Related companies	-	-	-	-	-	(625)
		(2,742)	(6,627)	(6,791)	(5,648)	1,514	3,324

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.24 CASH FLOW STATEMENTS (CONT'D)

		FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(c)	Property, plant & equipment						
	Aggregate cost of property, plant & equipment acquired	1,328	1,685	5,521	1,277	893	397
	Overstatement of cost refunded	-	-	-	-	-	103
	Amount financed under - term loans	-	-	2,550	-	-	-
	- hire purchase installment plans	435	296	115	500	350	-
	Amount included in "other payables"	-	20	1,606	-	-	149
		(435)	(316)	(4,271)	(500)	(350)	(252)
	Cash payments made to purchase property, plant & equipment	893	1,369	1,250	777	543	145
(d)	Cash & cash equivalents						
	Fixed/other deposits with licensed banks	885	1,250	1,423	1,343	2,819	3,667
	Cash & bank balances	2,830	2,260	2,061	1,097	1,732	1,424
		3,715	3,510	3,484	2,440	4,551	5,091
	Fixed/other deposits pledged	(42)	(811)	(969)	(872)	(857)	(883)
		3,673	2,699	2,515	1,568	3,694	4,208
	Unrealised exchange gain	-	-	-	(41)	-	(23)
		3,673	2,699	2,515	1,527	3,694	4,185
(e)	Credit facilities						
	Amount of undrawn/unused credit facilities that may be available for future operating activities	602	1,042	737	6,987	7,287	7,287

Note:-

[#] Unaudited and is included for comparison purpose only.

The credit facilities are secured in the same manner as described in Section 7.3.21 of this Report and further by:-

- (i) legal charges over the only short-term leasehold building of MBLE.
- (ii) corporate guarantee of RM2,400,000 executed by MBLT (Section 7.3.26).

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.25 FINANCIAL INSTRUMENTS

7.3.25.1 Foreign currency exposure profile

	Trade receivables	Cash & bank balances	Trade payables	Other payables	Net exposure
	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign currency exposure profile					
FYE 2005					
EUR	(12)	-	12	-	(24)
SGD	-	-	322	-	(322)
USD	2,922	-	2,897	-	25
FYE 2006					
EUR	-	-	340	-	(340)
IDR	1,116	-	71	-	1,045
SGD	-	-	176	5	(181)
USD	-	260	2,544	2,847	(5,131)
FYE 2007					
IDR	-	-	1,244	-	(1,244)
SGD	-	-	75	-	(75)
USD	5,895	160	1,280	521	4,254
FYE 2008					
CNY	-	-	38	-	(38)
EUR	17	-	-	-	17
SGD	-	-	122	-	(122)
USD	4,810	312	236	843	4,043
FPE 2009					
CNY	-	-	38	-	(38)
SGD	-	-	69	-	(69)
USD	1,688	250	-	478	1,460

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBL (CONT'D)

7.3.25 FINANCIAL INSTRUMENTS (CONT'D)

7.3.25.2 Foreign exchange contracts

	Currency	Total notional amount with maturity within 1 year RM'000
FYE 2005 Forwards used to hedge trade receivables	-	-
FYE 2006 Forwards used to hedge trade receivables	-	-
FYE 2007 Forwards used to hedge trade receivables	USD	114
FYE 2008 Forwards used to hedge trade receivables	USD	1,460
FPE 2009 Forwards used to hedge trade receivables	-	-

7.3.26 RELATED PARTY DISCLOSURES

7.3.26.1 Related party transactions/balances

	FYE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009* RM'000	FPE 2009 RM'000
Income from MBL J	-	121	700	899	899	150
- subcontract wages	-	-	-	70	10	60
Expenses	-	-	-	-	-	-
- secretarial fee [Tan Commercial Management Services Sdn. Bhd. (TCMS) only]	-	1	1	1	1	1

Note:-

* Unaudited and is included for comparison purpose only.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.26 RELATED PARTY DISCLOSURES (CONT'D)

7.3.26.1 Related party transactions/balances (Cont'd)

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount owing by (included in "other receivables")					
- MBL	-	-	542	617	-
- MBLT	4	-	-	-	-
- others**	54	-	-	-	-
Amount owing to MBLT (included in "other payables")	-	-	108	-	-

Particulars of the related parties are as follow:-

Name	Nature of relationship
Eka Karya Sdn. Bhd. ("EK") [206636-K]	Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee ("CHW") have interest in both MBLF and all the related parties (except for CIW in the case of EK) over which they are in a position to exercise control. All the said persons are also the directors of all the related parties (except for CIW in the case of EK).
Eka Karya Resources Sdn. Bhd. ("EKR") [564380-T]	
MBL Projects Sdn. Bhd. [659498-P] (for FYE 2005 only)	
MBLT	Chua Ah Ba @ Chua Eng Ka, Cha En Hom, Chua Eng Hui and Chua Heok Wee ("CEK and 3 others") have interest in both the Company and MBLT over which they are in a position to exercise control. All the said persons are also the directors of MBLT. On 30 June 2009, MBLT became a wholly-owned subsidiary of MBL (Section 7.3.30).
MBL	MBL is indirectly through intermediaries under common control with the Company. Both the directors (who are the only members) of MBL are accustomed to act in accordance with the instructions of CEK and 3 others. On 30 June 2009, MBL became the Holding Company (Section 7.3.30).
TCMS [85193-P]	Dato' Seri Tan King Tai @ Tan Khoo Hai is a director/member of TCMS and has interest over which he is able to exercise control.

All the related parties are companies incorporated in Malaysia.

For FYE 2005, EK and EKR are dormant companies and the amounts owing by both were preliminary/pre-operation expenditure paid on their behalf by MBLE.

The above transactions have been entered into in the normal course of business.

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.26 RELATED PARTY DISCLOSURES (CONT'D)****7.3.26.2 Key management personnel compensation**

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	469	821	1,122	1,254	595	628
Post employment benefits (defined contribution plan)	56	98	129	150	71	75
	525	919	1,251	1,404	666	703

Note:-

[#] Unaudited and is included for comparison purpose only.

All the members of the key management personnel are the directors.

7.3.27 CAPITAL COMMITMENTS

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount approved and contracted for freehold land & buildings	86	3,361	-	-	-

7.3.28 BANK GUARANTEES (SECURED)

Particulars of the bank guarantees which are secured in the same manner as described in Section 7.3.17 and 7.3.24 (e) of this Report are as follow:-

Nature	Expiry date	Amount Issued RM'000	Amount outstanding RM'000
Financial guarantee for customs duties and supply of electricity	FYE 2005 March 2006 to April 2006	45	6
	FYE 2006 March 2007 to April 2007	42	5
	FYE 2007 March 2008 to November 2008	85	7
	FYE 2008 March 2009 to November 2009	46	-
	FPE 2009 April 2010 to November 2010	43	-
Performance bonds			
FYE 2007	February 2008	1,128	-

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The activities of MBLE involving the use of financial instruments expose it to a variety of financial risks including interest rate risk, credit risk, liquidity risk, foreign currency risk and market risk. The overall financial risk management objectives of MBLE are to ensure that adequate financial resources are available for the development of the business and to minimise potential adverse effects on its financial performance.

Financial risk management is carried out through risk review, internal control systems and adherence to financial risk management policies. The Board of Directors regularly reviews these risks and approves the policies covering the management of these risks. MBLE does not trade in derivative instruments.

(a) Interest rate risk

MBLE is exposed to interest rate risk which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to interest rate risk relates primarily to fixed/other deposits and interest bearing borrowings.

Fixed/other deposits are placed with licensed banks (including those as securities for credit facilities) to earn interest income based on prevailing market rates. MBLE manages its interest rate risk by placing such funds on short tenures of 12 months or less.

The policy of MBLE is to borrow on fixed/floating rate basis to finance capital expenditure/operations. MBLE does not hedge its interest rate risk. MBLE has a policy to ensure that the interest rates obtained are competitive under the most favorable terms and conditions.

(b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which MBLE has a gain position.

MBLE minimises and monitors its credit risk by dealing with credit worthy counter parties and applying credit approval controls for material contracts. If necessary, MBLE may obtain collaterals from counter parties as a mean of mitigating losses in the event of default. Trade receivables are monitored on an ongoing basis.

(c) Liquidity risk

MBLE seeks to maintain optimum levels of liquidity at all times, sufficient for its operating, investing and financing activities.

The policy is to ensure that through efficient working capital management (accounts receivable and accounts payable management), MBLE is able to convert its current assets into cash to meet all demands for payments as and when they fall due.

Owing to the nature of its business, MBLE seeks to maintain sufficient credit lines available to meet its liquidity/contingent funding requirement while ensuring effective working capital management.

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.3 MBLE (CONT'D)****7.3.29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(d) Foreign currency risk**

MBLE is exposed to foreign currency risk on transactions, assets and liabilities denominated in a currency other than the Malaysia Ringgit. The currencies giving to this risk are those of the countries with which MBL trades. Foreign exchange exposures in transactional currencies are kept to an acceptance level. MBL uses foreign currency forward contracts to hedge its material foreign currency exposures.

(e) Market risk

The principal exposure of MBL to market risk arises from changes in value caused by movements in market prices of its investments. The risk of loss is minimised via thorough analyses (including investment guidelines/policies and portfolio asset allocation/diversification strategies) before investing and continuous monitoring of the performance of its investments. MBL optimises returns by disposing its investments after thorough analyses.

Common to all business, the overall performance of the investments of MBL is also driven externally by global and domestic economies that are largely unpredictable and uncontrollable.

7.3.30 SIGNIFICANT EVENTS**Holding Company**

On 30 June 2009, MBL (Section 7.3.26) acquired the entire issued share capital of MBL. Hence, MBL become the Holding Company. MBL is a company incorporated in Malaysia.

7.3.31 COMPARATIVES

The impact of the adoption of FRS 117 as described in Section 4.2 (h) on the financial statements is as follows:

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance Sheet					
Decrease in property, plant & equipment	315	308	301	295	-
Increase in prepaid lease payments	315	308	301	295	-
Income Statement/Cash Flow Statement					
Decrease in depreciation of property, plant & equipment	7	7	7	6	-
Increase in amortisation of prepaid lease payments	7	7	7	6	-

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.3 MBLE (CONT'D)

7.3.31 COMPARATIVES (CONT'D)

The comparatives for FYE 2006 and FYE 2007 have been restated/reclassified to conform with FYE 2008 presentation:

	As previously reported	Effect of adoption of FRS 117	As reclassified
	RM'000	RM'000	RM'000
FYE 2006			
Balance Sheet			
Property, plant & equipment	7,578	(308)	7,270
Prepaid lease payments	-	308	308
Income Statement/ Cash Flow Statement			
Depreciation of property, plant & equipment	627	(7)	620
Amortisation of prepaid lease payments	-	7	7

	As previously reported	Effect of adoption of FRS 117	As reclassified
	RM'000	RM'000	RM'000
FYE 2007			
Balance Sheet			
Property, plant & equipment	12,361	(301)	12,060
Prepaid lease payments	-	301	301
Income Statement/ Cash Flow Statement			
Depreciation of property, plant & equipment	738	(7)	731
Amortisation of prepaid lease payments	-	7	7

The comparatives for the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the FYE 2008 were not audited but have been reviewed by the same firm of chartered accountants.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT

7.4.1 INCOME STATEMENTS

	Section	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7.4.5	-	1,003	6,240	11,251	5,930	5,856
Cost of sales		-	(534)	(3,581)	(6,305)	(3,262)	(3,357)
GP		-	469	2,659	4,946	2,668	2,499
Other operating income		-	-	11	30	6	47
Distribution & administration expenses		(4)	(74)	(496)	(1,575)	(802)	(675)
PBT/(LBT)	7.4.6	(4)	395	2,174	3,401	1,872	1,871
Tax expense	7.4.7	-	-	-	(22)	(16)	(3)
PAT/(LAT)		(4)	395	2,174	3,379	1,856	1,868
Earnings/(loss) before interest, tax, depreciation and amortisation (RM'000)		(4)	396	2,173	3,386	1,867	1,876
Effective tax rate (%)		-	-	-	0.65	0.85	0.16
GP margin (%)		-	46.76	42.61	43.96	44.99	42.67
PBT margin (%)		-	39.38	34.84	30.23	31.57	31.95
PAT margin (%)		-	39.38	34.84	30.03	31.30	31.90
Earnings/(loss) per share (RM)							
- Gross		(1,000)	11.97*	10.87	17.01	9.36	9.36
- Net		(1,000)	11.97*	10.87	16.90	9.28	9.34
Interest coverage ratio (times)		N/A	N/A	N/A	N/A	N/A	N/A
Gross dividend (RM'000)		-	-	375	-	-	-
Gross dividend rate (%)		N/A	N/A	187.50	N/A	N/A	N/A

Notes:-

- * The Income Statements for the six-month financial period ended 30 June 2008 are unaudited and are included for comparison purpose only.
 • Based on the weighted average number of 200,000 shares after taking into consideration the 199,996 shares issued on 20 October 2006.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.2 BALANCE SHEETS

	Section	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSETS						
Property, plant & equipment	7.4.8	-	3	4	255	243
CURRENT ASSETS						
Inventories	7.4.9	-	12	214	4,388	4,423
Trade receivables	7.4.10	-	739	2,170	2,535	3,203
Other receivables	7.4.11	-	-	145	75	297
Fixed/other deposits with licensed banks	7.4.12	-	-	70	72	1,581
Cash & bank balances		*	539	1,373	1,689	1,823
		*	1,290	3,972	8,759	11,327
CURRENT LIABILITIES						
Trade payables	7.4.13	-	358	863	1,073	1,117
Amount owing to directors	7.4.14	-	-	375	-	-
Other payables	7.4.15	4	344	348	2,154	2,799
Current income taxes	7.4.16	-	-	-	2	#
		4	702	1,586	3,229	3,916
NET CURRENT ASSETS/(LIABILITIES)		(4)	588	2,386	5,530	7,411
NON CURRENT LIABILITIES						
Deferred income taxes	7.4.17	-	-	-	(16)	(17)
		(4)	591	2,390	5,769	7,637
CAPITAL & RESERVES						
Share capital	7.4.18	*	200	200	200	200
Unappropriated profit/ (accumulated loss)		(4)	391	2,190	5,569	7,437
Shareholders' funds		(4)	591	2,390	5,769	7,637
NA/(NL) (RM'000)		(4)	591	2,390	5,769	7,637
NA/(NL) per share (RM)		(1,000)	2.96	11.95	28.85	38.19
Gearing ratio (all interest-bearing debts over shareholders' funds)		N/A	N/A	N/A	N/A	N/A
Trade receivables turnover period (months)		-	1.5**	4.2	2.7	3.3
Trade payables turnover period (months)		-	1.7**	3.5	1.4	2.2
Inventories turnover period (months)		-	-**	0.7	8.4	7.9

Notes:-

* Represents RM4.

** Annualised over 2 months as MBLT commenced operations on 1 November 2006.

Represents RM440.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.3 STATEMENTS OF CHANGES IN EQUITY

	Section	Share capital	Unappropriated profit/ (accumulated loss)	Total
		RM'000	RM'000	RM'000
Issue of shares		*	-	*
Net loss for the period		-	(4)	(4)
Balance as at 31.12.05		*	(4)	(4)
Issue of shares		200	-	200
Net profit for the year		-	395	395
Balance as at 31.12.06		200	391	591
Dividends	7.4.19	-	(375)	(375)
Net profit for the year		-	2,174	2,174
Balance as at 31.12.07		200	2,190	2,390
Net profit for the year		-	3,379	3,379
Balance as at 31.12.08		200	5,569	5,769
Net profit for the period		-	1,868	1,868
Balance as at 30.06.09		200	7,437	7,637

Note:-

* Represents RM4.

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12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.4 CASH FLOW STATEMENTS

	Section	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit/(loss) before tax		(4)	395	2,174	3,401	1,872	1,871
Adjustment for:							
Depreciation		-	1	1	15	1	15
Interest received		-	-	(2)	(30)	(6)	(10)
Unrealised exchange differences		-	-	-	-	-	(21)
Operating profit/(loss) before working capital changes		(4)	396	2,173	3,386	1,867	1,855
Increase/decrease in:							
Inventories		-	(12)	(202)	(4,174)	(2,726)	(35)
Receivables		-	(739)	(1,576)	(295)	(507)	(890)
Payables		4	698	509	1,857	3,546	64
Directors		-	-	-	(375)	(375)	-
Related companies		-	-	-	-	-	625
Cash generated from operations		-	343	904	399	1,805	1,619
Tax paid		-	-	-	(4)	-	(4)
Interest received		-	-	2	30	6	10
Net cash generated from operating activities		-	343	906	425	1,811	1,625
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of property, plant & equipment/							
Net cash used in investing activities	7.4.20 (a)	-	(4)	(2)	(107)	(265)	(3)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from issue of shares		*	200	-	-	-	-
Placement of fixed/other deposits		-	-	(70)	(2)	(2)	(1)
Net cash generated from/ (used in) financing activities		*	200	(70)	(2)	(2)	(1)
NET INCREASE IN CASH & CASH EQUIVALENTS							
Cash & cash equivalents at the beginning of the year		-	*	539	1,373	1,373	1,689
Cash & cash equivalents at the end of the year/period	7.4.20 (b)	*	539	1,373	1,689	2,917	3,310

Notes:-

* Unaudited and is included for comparison purpose only.
 . Represents RM4.

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.5 REVENUE

Revenue represents sales of goods less returns and discounts.

7.4.6 PROFIT/(LOSS) BEFORE TAX

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax is after charging:						
Audit fee						
- statutory audit	*	3	6	8	4	4
- special audit/other services	-	-	-	-	-	9
- overstatement for prior years	-	-	(1)	(1)	-	-
Depreciation	-	1	1	15	1	15
Loss on foreign exchange (realised)	-	-	-	24	73	-
Preliminary expenditure	2	-	-	-	-	-
Rental of buildings	-	-	-	70	10	60
Research & development costs						
- salaries, wages, allowances & bonuses	-	-	-	63	22	39
- EPF & Socso contributions	-	-	-	8	3	2
Staff cost						
- salaries, wages, allowances & bonuses	-	8	147	335	134	229
- EPF & Socso contributions	-	1	19	41	16	30
And crediting:						
Gain on foreign exchange						
- realised from transactions	-	-	9	-	-	16
- unrealised on translations	-	-	-	-	-	21
Interest on:-						
- bank balances	-	-	-	**	-	2
- bankers' acceptances (repo)	-	-	-	^	4	7
- fixed deposits with licensed banks	-	-	2	30	2	1

Notes:-

- * Represents RM300.
- ** Represents RM517.
- ^ Represents RM553.
- # Unaudited and is included for comparison purpose only.

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.7 TAX EXPENSE

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense						
- estimation for current period	-	-	-	6	1	2
- underestimation for prior periods	-	-	-	*	-	**
	-	-	-	6	1	2
Deferred tax expense (recognition for current period)	-	-	-	16	15	1
	-	-	-	22	16	3

Notes:-

* Unaudited and is included for comparison purpose only.
 * Represents RM401.
 ** Represents RM125.

Reconciliation of the average effective tax rate [tax expense divided by profit/(loss) before tax] and the applicable tax rate:-

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [#]	FPE 2009
	%	%	%	%	%	%
Applicable tax rate	(20.0)	20.0	25.4	25.1	24.4	23.7
Tax effect of expenses that are not deductible for tax purposes	20.0	0.8	0.1	0.2	-	-
Expenses eligible for double deduction	-	(0.1)	(0.1)	(0.1)	-	-
Income exempted from tax	-	(20.6)	(25.4)	(24.5)	(23.6)	(23.2)
Deferred tax liability on excess of capital allowances over accounting depreciation not recognised	-	(0.1)	-	-	-	-
Adjustment for variance of current and deferred tax computation on current year temporary differences of capital allowances and accounting depreciation	-	-	-	(0.1)	-	-
Income not subject to tax	-	-	-	-	-	(0.3)
Average effective tax rate	-	-	-	0.6	0.8	0.2

Note:-

* Unaudited and is included for comparison purpose only.

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.7 TAX EXPENSE (CONT'D)

Year of assessment ("YA")	Income tax rate on chargeable income above RM500,000
2006	28%
2007	27%
2008	26%
2009	25%

MBLT has been granted 10 years pioneer status of 100% tax exemption on statutory business income on 21 November 2006 by the Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 for the manufacture of automated oil seed expellers and related parts.

Section 20 of the Finance Act, 2007 introduced the single tier tax system with effect from Year of Assessment 2008. Under the single tier tax system, tax on the income of a company is a final tax and dividends distributed to shareholders will be exempted from tax.

MBLT has no available Section 108 tax credit balance as at 1 January 2008 and has been automatically allowed to move to the single tier system. Hence the entire unappropriated profits of MBLT may be distributed as single tier exempt dividends.

7.4.8 PROPERTY, PLANT & EQUIPMENT

	Office equipment
FYE 2006	RM'000
Cost	
Additions/	
Balance as at 31.12.06	4
Accumulated depreciation	
Charge for the year/	
Balance as at 31.12.06	1
Net book value	
as at 31.12.06	3
Net book value	
as at 31.12.05	-
Depreciation charge	
for 2005	-

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.4 MBLT (CONT'D)****7.4.8 PROPERTY, PLANT & EQUIPMENT (CONT'D)**

	Office equipment
FYE 2007	RM'000
Cost	
Balance as at 01.01.07	4
Additions	2
Balance as at 31.12.07	6
Accumulated depreciation	
Balance as at 01.01.07	1
Charge for the year	1
Balance as at 31.12.07	2
Net book value as at 31.12.07	4
Net book value as at 31.12.06	3
Depreciation charge for 2006	1

	Plant & machinery	Office equipment	Total
FYE 2008	RM'000	RM'000	RM'000
Cost			
Balance as at 01.01.08	-	6	6
Additions	254	12	266
Balance as at 31.12.08	254	18	272
Accumulated depreciation			
Balance as at 01.01.08	-	2	2
Charge for the year	12	3	15
Balance as at 31.12.08	12	5	17
Net book value as at 31.12.08	242	13	255
Net book value as at 31.12.07	-	4	4
Depreciation charge for 2007	-	1	1

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.4 MBLT (CONT'D)****7.4.8 PROPERTY, PLANT & EQUIPMENT (CONT'D)**

	Plant & machinery	Office equipment	Total
FPE 2009	RM'000	RM'000	RM'000
Cost			
Balance as at 01.01.09	254	18	272
Additions	-	3	3
Balance as at 30.06.09	254	21	275
Accumulated depreciation			
Balance as at 01.01.09	12	5	17
Charge for the period	13	2	15
Balance as at 30.06.09	25	7	32
Net book value as at 30.06.09	229	14	243
Net book value as at 31.12.08	242	13	255
Depreciation charge for 6 months ended 30.06.2008	-	1	1

7.4.9 INVENTORIES

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Raw materials	-	12	163	1,137	1,007
Work-in-progress	-	-	51	3,251	3,416
	-	12	214	4,388	4,423

7.4.10 TRADE RECEIVABLES

The normal credit periods granted to customers range from 1 to 4 months. However, credit periods granted to customers for plant setup sales and services are based on mutually agreed terms. These terms vary according to projects size and plant capacity.

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12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.10 TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total RM'000
		1 Month RM'000	1-2 Months RM'000	2-3 Months RM'000	3-4 Months RM'000	4-6 Months RM'000	6-12 Months RM'000	>12 Months RM'000	
Trade receivables of:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	127	541	164	-	-	-	-	832
Plant setup sales and services	Project/ Contract term	1,804	-	-	-	-	289	278	2,371
Total		1,931	541	164	-	-	289	278	3,203
% of total trade receivables:									
Oil seed expellers, plant setup ancillary machinery and spare parts	1 to 4 months	3.97	16.89	5.12	-	-	-	-	25.98
Plant setup sales and services	Project/ Contract term	56.32	-	-	-	-	9.02	8.68	74.02
Total		60.29	16.89	5.12	-	-	9.02	8.68	100.00

7.4.11 OTHER RECEIVABLES

	FPE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Other receivables	-	-	111	2	130
Deposits and prepayments	-	-	34	73	167
	-	-	145	75	297

7.4.12 FIXED/OTHER DEPOSITS WITH LICENSED BANKS

	FPE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Amount pledged as securities for bank guarantees granted to MBLT	-	-	70	72	73
Amount not pledged	-	-	-	-	1,508
	-	-	70	72	1,581
Interest rate	N/A	N/A	3.70% p.a.	3.70% p.a.	1.83% p.a. to 2.50% p.a.

Note:-

N/A Not applicable.

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.4 MBLT (CONT'D)****7.4.12 FIXED/OTHER DEPOSITS WITH LICENSED BANKS (CONT'D)**

Particular of the bank guarantees as at the year end are as follows:-

Nature	Expiry date	Credit limit RM'000	Amount issued RM'000
FYE 2007 Financial guarantee for obligations within the defect liability period	August 2008	68	63

For FYE 2007, there were no outstanding balances under the bank guarantees.

For FYE 2008 & FPE 2009, there were no amount issued under the bank guarantees.

7.4.13 TRADE PAYABLES

The normal credit period granted to MBLT from suppliers was 1 to 4 months.

Ageing analysis of trade payables as at 30 June 2009 is set out below:-

	Credit period	Within credit period				Exceeding credit period			Total RM'000
		1 Month RM'000	1-2 Months RM'000	2-3 Months RM'000	3-4 Months RM'000	4-6 Months RM'000	6-12 Months RM'000	>12 Months RM'000	
Trade payables	1 to 4 months	952	140	-	-	-	25	-	1,117
% of total trade payables		85.23	12.53	-	-	-	2.24	-	100.00

7.4.14 AMOUNT OWING TO DIRECTORS

For FYE 2007, the amount owing to directors is non-trade, unsecured, interest free and there is no fixed term of repayment.

7.4.15 OTHER PAYABLES

	FYE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FPE 2009 RM'000
Related companies	-	-	-	-	625
Customers' deposits	-	235	226	1,827	2,091
Other payables	-	104	83	266	16
Accrued charges	4	5	39	61	67
	4	344	348	2,154	2,799

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.16 CURRENT INCOME TAXES

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	-	-	-	-	2
Estimation for current period	-	-	-	6	2
Underestimation for prior periods	-	-	-	*	**
	-	-	-	6	4
Tax paid	-	-	-	(4)	(4)
Balance as at 31 December/30 June	-	-	-	2	^

Notes:-

* Represents RM401.
 ** Represents RM125.
 ^ Represents RM440.

7.4.17 DEFERRED INCOME TAXES

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	-	-	-	-	16
Amount transferred from Income Statement on liability (recognition for current period)	-	-	-	16	1
Balance as at 31 December/30 June	-	-	-	16	17

The balance of deferred income taxes represents the tax effect of temporary differences arising on excess of capital allowances over accounting depreciation.

7.4.18 SHARE CAPITAL

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised:					
Ordinary shares of RM1 each	100	1,000	1,000	1,000	1,000
Issued and fully paid:					
Ordinary shares of RM1 each	*	200	200	200	200

Note:-

* Represents RM4.

During the FYE 2006, MBLT increased its authorised capital from RM100,000 to RM1,000,000 by the creation of an additional 900,000 ordinary shares of RM1 each.

12. ACCOUNTANTS' REPORT (Cont'd)** Parker Randall Loh****7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.4 MBLT (CONT'D)****7.4.18 SHARE CAPITAL (CONT'D)**

MBLT also issued the following ordinary shares of RM1 each at par for cash:-

Date	Number	Purpose
20 October 2006	199,996	Working capital

The above shares rank *pari passu* in all respects with existing shares.

7.4.19 DIVIDENDS

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008*	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
187.5% interim (tax exempt dividend in respect of year ended 31 December 2007)	-	-	375	-	-	-
Dividend per share	-	-	188 sen	-	-	-

7.4.20 CASH FLOW STATEMENTS

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008*	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Property, plant & equipment						
Aggregate cost of property, plant & equipment acquired	-	4	2	266	265	3
Amount included in "other payables"	-	-	-	(159)	-	-
Cash payments made to purchase property, plant & equipment	-	4	2	107	265	3
(b) Cash & cash equivalents						
Fixed/other deposits with licensed banks	-	-	70	72	2,072	1,581
Cash & bank balances	-	539	1,373	1,689	917	1,823
	-	539	1,443	1,761	2,989	3,404
Fixed/other deposits pledged	-	-	(70)	(72)	(72)	(73)
Unrealised exchange gain	-	-	-	-	-	(21)
	-	539	1,373	1,689	2,917	3,310

Notes:-

* Unaudited and is included for comparison purpose only.
Represents RM4.

12. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.21 FINANCIAL INSTRUMENTS

	Trade receivables	Other receivables	Cash & bank balances	Trade payables	Other payables	Net exposure
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign currency exposure profile						
FYE 2006						
USD	739	-	-	276	318	145
FYE 2007						
USD	2,170	-	-	60	309	1,801
FYE 2008						
USD	1,422	73	762	-	1,574	683
FPE 2009						
SGD	-	30	-	-	-	30
USD	692	94	491	-	2,050	(773)

7.4.22 RELATED PARTY DISCLOSURES

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2008 [†]	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expenses						
- subcontract wages	-	121	700	899	899	150
- rental of buildings	-	-	-	70	10	60

Note:-

Unaudited and is included for comparison purpose only.

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount owing by (included in "other receivables")	-	-	108	-	-
Amount owing to (included in "other payables")	4	-	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)


Parker Randall Loh

7. AUDITED FINANCIAL STATEMENTS (CONT'D)

7.4 MBLT (CONT'D)

7.4.22 RELATED PARTY DISCLOSURES (CONT'D)

Particulars of the related parties are as follow:

Name	Nature of relationship
MBLE	All the directors/members of the MBLT are also part of the directors/members of MBLT and have interest over which they are in position to exercise control. On 30 June 2009, MBLT became a wholly-owned subsidiary of MBL (Section 7.4.24)

The above transactions have been entered into in the normal course of business.

MBLT has executed a corporate guarantee of RM2,400,000 favouring a bank for credit facilities granted to MBLT. There were no outstanding balances under the credit facilities as at the period end.

7.4.23 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The activities of MBLT involving the use of financial instruments expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and foreign currency risk. The overall financial risk management objectives of MBLT are to ensure that adequate financial resources are available for the development of the business and to minimise potential adverse effects on its financial performance.

Financial risk management is carried out through risk review, internal control systems and adherence to financial risk management policies. The Board of Directors regularly reviews these risks and approves the policies covering the management of these risks. MBLT does not trade in derivative instruments.

(a) Interest rate risk

MBLT is exposed to interest risk which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to interest rate risk relates primarily to fixed/other deposits.

Fixed/other deposits are placed with licensed banks (including those as securities for credit facilities) to earn interest income based on prevailing market rates. MBLT manages its interest rate risk by placing such funds on short tenures of 12 months.

(b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which MBLT has a gain position.

MBLT minimises and monitors its credit risk by dealing with credit worthy counter parties and applying credit approval controls for material contracts. If necessary, MBLT may obtain collaterals from counter parties as a means of mitigating losses in the event of default. Trade receivables are monitored on an ongoing basis.

12. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (CONT'D)****7.4 MBLT (CONT'D)****7.4.23 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D)****(c) Liquidity risk**

MBLT seeks to maintain optimum levels of liquidity at all times, sufficient for its operating, investing and financing activities.

The policy is to ensure that through efficient working capital management (accounts receivable and accounts payable management), MBLT is able to convert its current assets into cash to meet all demands for payments as and when they fall due.

Owing to the nature of its business, MBLT seeks to maintain sufficient credit lines available to meet its liquidity/contingent funding requirement while ensuring effective working capital management.

(d) Foreign currency risk

MBLT is exposed to foreign currency risk on transactions, assets and liabilities denominated in currency other than the Malaysia Ringgit. The currencies giving to this risk are those of the countries with which MBLT trades. MBLT does not hedge its foreign currency risk and foreign exchange exposures in transactional currencies are kept to an acceptable level.

7.4.24 SIGNIFICANT EVENTS**Holding Company**

On 30 June 2009, MBL acquired the entire issued share capital of the MBLT. Hence, MBL become the Holding Company. MBL is a company incorporated in Malaysia.

7.4.25 COMPARATIVES

The following comparatives have been reclassified to conform with the current year presentation:

	As previously reported	As reclassified
	RM'000	RM'000
FYE 2008		
Balance Sheet		
Inventories		
- raw material	214	163
- work-in-progress	-	51

The comparatives for the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the FPE 2008 were not audited but have been reviewed by the same firm of chartered accountants.

12. ACCOUNTANTS' REPORT (Cont'd)



8. RESTATEMENTS TO THE AUDITED FINANCIAL STATEMENTS

In preparing this Report, certain reclassifications were made to ensure the consistency of presentation of information for comparison purposes. The details of the reclassifications made are set out as follows:-

8.1 BALANCE SHEETS OF MBLB

(a) Property, plant & equipment

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements	6,524	7,578	12,361	12,488	12,321
Reclassified to prepaid lease payments	(315)	(308)	(301)	-	-
As per accountants' report	6,209	7,270	12,060	12,488	12,321

Short-term leasehold land was reclassified to prepaid lease payments as a result of adopting FRS 117 "Leases" effective for accounting periods commencing on and after 1 October 2006.

(b) Prepaid lease payments

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements	-	-	-	295	292
Reclassified from property, plant & equipment	315	308	301	-	-
As per accountants' report	315	308	301	295	292

The amount of prepaid lease payments was reclassified from short-term leasehold land shown under property, plant & equipment as a result of adopting FRS 117 "Leases" effective for accounting periods commencing on and after 1 October 2006.

(c) Trade receivables

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements	5,117	7,262	16,367	15,698	8,318
Reclassified to other payables	161	-	-	-	-
As per accountants' report	5,278	7,262	16,367	15,698	8,318

Certain item for the FYE 2005 was reclassified for consistency in presentation with the financial statements for the FYE 2006, 2007, 2008 and FPE 2009.

12. ACCOUNTANTS' REPORT (Cont'd)



8. RESTATEMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONT'D)

8.1 BALANCE SHEETS OF MBLE (CONT'D)

(d) Other payables

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements	2,483	3,620	3,784	1,606	946
Reclassified from trade receivables	161	-	-	-	-
As per accountants' report	2,644	3,620	3,784	1,606	946

Certain item for the FYE 2005 was reclassified for consistency in presentation with the financial statements for the FYE 2006, 2007, 2008 and FPE 2009.

8.2 BALANCE SHEETS OF MBLT

(a) Inventories - Raw materials

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements:					
- Raw materials	-	12	214	1,137	1,007
Reclassified to work-in-progress	-	-	(51)	-	-
As per accountants' report:					
- Raw materials	-	12	163	1,137	1,007

The total raw materials of RM214,000 recorded for the FYE 2007 wrongly included an amount of work-in-progress of RM51,000.

(b) Inventories - Work-in-progress

	FPE 2005	FYE 2006	FYE 2007	FYE 2008	FPE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited financial statements:					
- Work-in-progress	-	-	-	3,251	3,416
Reclassified from raw materials	-	-	51	-	-
As per accountants' report:					
- Work-in-progress	-	-	51	3,251	3,416

The explanation is same as above.

9. EVENTS SUBSEQUENT TO BALANCE SHEET DATE OF 30 JUNE 2009

Other than the listing scheme as referred to in Section 2.2, no other material events have arisen subsequent to the balance sheet date which requires disclosure in this Report.

12. ACCOUNTANTS' REPORT *(Cont'd)*



10. AUDITED FINANCIAL STATEMENTS

No audited financial statements of MBL, MBLE and MBLT have been prepared in respect of any period subsequent to 30 June 2009.

Yours faithfully,


PARKER RANDALL LOH (AF 001841)
Chartered Accountants


Loh Chye Teik - No. 1652/8/10 (J)
Partner

Report of the Auditors to the members of
MUAR BAN LEE GROUP BERHAD
(Formerly known as Muar Ban Lee Group Sdn. Bhd.)
(753588-P)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 11. These financial statements are the responsibility of the directors of the Company. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report to you, as a body, in accordance to Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of the information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :
 - (i) the state of affairs of the Company as at 31st December 2006 and of the results and cash flows of the Company for the period from 20th November 2006 (date of incorporation) to 31st December 2006; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


PARKER RANDALL LOH (AF 001841)
Chartered Accountants


Loh Chye Teik - Partner
No. 1652/8/08 (J)

Penang : 06th February 2007

Report of the Auditors to the members of
 MUJAR BAN LEE GROUP BERHAD
 (753588-P)
 (Incorporated in Malaysia)


We have audited the financial statements set out on pages 7 to 11. These financial statements are the responsibility of the directors of the Company. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report to you, as a body, in accordance to Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of the information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :
- (i) the state of affairs of the Company as at 31st December 2007 and of the results and cash flows of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


 PARKER RANDALL LOH (AF 001841)
 Chartered Accountants


 Loh Chee Teik - No. 1652/8/08(J)
 Partner

Penang : 05th May 2008

Independent Auditors' Report to the members of
MUAR BAN LEE GROUP BERHAD
(753588-P)
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of the Company, which comprise the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements of the Company 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 Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report to the members of
MUAR BAN LEE GROUP BERHAD
(753588-P)
(Incorporated in Malaysia)
(continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31st December 2008 and of its financial performance and cash flows for the year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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


PARKER RANDALL LOH (AF 001841)
Chartered Accountants


Loh Chye Teik - No. 1652/8/10(J)
Partner

Penang : 27th March 2009

Independent Auditors' Report to the members of
 MUAR BAN LEE GROUP BERHAD
 (753588-P)
 (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of MUAR BAN LEE GROUP BERHAD, which comprise the balance sheets as at 30th June 2009 of the Group and the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the period from 01st January 2009 to 30th June 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 29.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements of the Company 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 Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report to the members of
MUAR BAN LEE GROUP BERHAD
(753588-P)
(Incorporated in Malaysia)
(continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 30th June 2009 and of their financial performance and cash flows for the period from 01st January 2009 to 30th June 2009.

Report on Other Legal and Regulatory Requirements


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

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

Other Matters

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


PARKER RANDALL LOH (AF 001841)
Chartered Accountants


Loh Chye Teik - No. 1652/8/10(J)
Partner

Perang : 30th July 2009



- 6 -

Appendix V

Report of the Auditors to the members of
 MJAR BAN LEE ENGINEERING SDN. BHD.
 (166822-V)
 (Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 25. These financial statements are the responsibility of the directors of the Company. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report to you, as a body, in accordance to Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of the information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :
- (i) the state of affairs of the Company as at 31st December 2005 and of the results and cash flows of the Company for the year ended on that date ; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


 Parker Randall Loh (AF 001841)
 Chartered Accountants


 Loh Chye Teik - Partner
 No. 1652/8/06 (J)

Penang : 05th June 2006



- 6 -

Appendix VI

Report of the Auditors to the members of
MUAR BAN LEE ENGINEERING SDN. BHD.
(166822-V)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 24. These financial statements are the responsibility of the directors of the Company. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report to you, as a body, in accordance to Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of the information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :
 - (i) the state of affairs of the Company as at 31st December 2006 and of the results and cash flows of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


Parker Randall Loh (AF 001841)
Chartered Accountants


Loh Chye Teik - Partner
No. 1652/8/08 (J)

Penang : 06th February 2007

Report of the Auditors to the members of
MUAR BAN LEE ENGINEERING SDN. BHD.
(166822-V)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 23. These financial statements are the responsibility of the directors of the Company. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report to you, as a body, in accordance to Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of the information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :
 - (i) the state of affairs of the Company as at 31st December 2007 and of the results and cash flows of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


PARKER RANDALL LOH (AF 001841)
Chartered Accountants


Loh Chye Teik - No. 1652/8/08(J)
Partner

Penang : 09th May 2008