

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			<p>(i) the approved finished goods are Oil Expeller Machine and parts thereof, Elevator Machine, Conveyor Machine and Silo;</p>	Complied
			<p>(ii) a proper and up-to-date local sales record showing the movements of the finished goods sold locally must be sent to the Industry Division of the Customs Office in Muar monthly or on 28<sup>th</sup> day of the following month;</p>	Complied
			<p>(iii) it is MBLE's responsibility to maintain such local sales records and any loss of goods will attract legal actions from the Customs Office; and</p>	Complied
			<p>(iv) the above approval may be revoked at any time upon non-compliance of the above prescribed conditions.</p>	Noted
			<p>(k) Disposal of residual and rubbish from the manufacturing process must be approved in writing by the State Director of Customs;</p>	Not applicable
			<p>(l) A Bank Guarantee of RM35,000.00 is required from the licence holder to safeguard the duty/tax in respect of the raw materials, components of finished goods kept in the licensed manufacturing warehouse and the movements of the dutiable goods;</p>	Complied
			<p>(m) Daily records must be kept in respect of total raw materials or components in the store, amount issued for production and amount of finished goods. The records must contain daily balances of raw materials, components and finished goods;</p>	Complied

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			<p>(n) Upon the occurrence of any of the following events, MBL must, within 14 days, notify the Senior Customs Officer (Factory Monitoring) in writing as such:-</p> <ul style="list-style-type: none"> <li>(i) changes in the composition of the Board of Directors of MBL;</li> <li>(ii) a resolution to wind-up the company;</li> <li>(iii) an order being made for the winding-up of the company;</li> <li>(iv) appointment of a liquidator or receiver;</li> <li>(v) the company is involved in any civil claims, liquidation, termination, cessation of businesses and others.</li> </ul>	Noted
			<p>(o) Application to the State Director of Customs for the renewal of licence must be made in the prescribed form at least one month prior to the expiry of the licence;</p>	Complied
			<p>(p) This licence can be revoked at any time upon contravention of any of the conditions herein provided, the Customs Act 1967 (the Act) or such regulations under the Act;</p>	Noted
			<p>(q) The issuance of licence does not absolve the applicant or licence holder of the responsibilities to comply with the requirements of any written laws in relation to his/her other businesses; and</p>	Complied

## 4. INFORMATION ON THE MBI GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			(f) All manufacturing companies, including companies in Free Industrial Zone and licence manufacturing warehouse, corporations and organisations are require to use local ports and air ports as a condition for the exemption of import duty on their raw materials/components or machines or equipments.	Complied
MITI	8 November 2006; No renewal is required and remains valid except it is revoked under the provisions of the Industrial Coordination Act 1975	Manufacturing licence to manufacture oil expeller machine and parts thereof, oil filter machine and parts thereof, conveyor, oil tank and elevator for palm oil industry	(a) MBLLE shall train Malaysian citizens so that the transfer of technologies and expertise can be channelled through all employment levels;  (b) MITI must be informed of any sale of the MBLLE's shares;  (c) This licence is issued subject to the approval of the relevant state government and Department of Environment;  (d) MBLLE must carry out the approved project in accordance with the other prevailing laws and regulations in Malaysia;  (e) The licence or a certified copy of the licence must be displayed at the factory premises where manufacturing activities are being carried out;  (f) Written notice must be given to Malaysian Industrial Development Authority upon a change of its registered office;	Complied  Noted  Complied  Complied  Complied  Complied

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
MITI (Cont'd)			<p>(g) To ensure as far as possible the composition of the Board of Directors of MBE is reflective of the equity structure of MBE. MITI must be informed of any appointment and any changes in the Board of Directors;</p> <p>(h) For local sale, MBE must ensure to the best of its ability to engage the services of Malaysians wherein at least 30% of the local sales must be distributed through Bumiputera distributors;</p> <p>(i) Approval of the licence is subject to the provisions of the Act where any contravention thereof may cause the licence be revoked; and</p> <p>(j) Any proposal of MBE to increase the production capacity or diversify its approved productions must obtain the approval of the Licensing Officer (the Chief Secretary, MITI) by submitting its application using the prescribed form issued by MITI.</p>	Complied
Royal Malaysian Customs	1 April 2008 until 31 March 2010	Manufacturing Warehouse Licence to manufacture oil expeller, filter, elevator, conveyor, silo and oil expeller spare part	<p>(a) No taxable or dutiable goods except raw materials, components and machines that are used directly in the manufacturing process of finished goods as approved by the State Director of Customs are allowed to be kept in the licensed manufacturing warehouse;</p> <p>(b) Machines which are used directly in the manufacturing process must be new and have not been used. Prior approval of MITI must be obtained before used machines can be imported;</p>	Complied

4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Status of compliance
Royal Malaysian Customs (Cont'd)		<p>(c) Manufacturing activities and the movements of dutiable and manufactured goods are allowed at such time(s) and days in accordance with the requirements of the licence holder;</p> <p>(d) A copy of each of the plan(s) approved by the State Director of Customs must be displayed prominently at the licensed premises;</p> <p>(e) No changes to the structure of the building and fixtures/equipments at the licensed premises are allowed unless with the written permission of the State Director of Customs;</p> <p>(f) The State Director of Customs may at any time and from time to time require the licence holder to make such changes to any of the plans aforesaid deemed necessary by the State Director of Customs;</p> <p>(g) The State Director of Customs may direct the licence holder to affix any key, seal or other safety equipments deemed necessary by him to safeguard the national revenue;</p> <p>(h) MBE must submit to the Custom Office, Industrial Department a monthly statement in Bahasa Malaysia, duly certified by MBE's Accountant on or before the 28<sup>th</sup> day of the following month incorporating the following details:-</p> <p>(i) the balance of all types of raw materials/component kept at the beginning of the month;</p>	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Complied</p>

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			(ii) the total of all types of imported raw materials/component for the month and its cost, insurance and freight price;	Complied
			(iii) the amount of all types of raw materials/component that are used for the manufacturing purpose for the month;	Complied
			(iv) the balance of all types of raw materials/component kept at the end of the month;	Complied
			(v) the balance of all finished products kept at the beginning of the month concerned;	Complied
			(vi) the total of all types of finished products that are produced for the month concerned;	Complied
			(vii) the total of all finished products that are sold in the local market for the month concerned;	Complied
			(viii) the total of all types of all finished products that are exported for the month (State the registration number of the relevant Custom Form No.2);	Complied
			(ix) the balance of all types of all finished products kept at the end of the month concerned;	Complied
			(x) the total of residual and rubbish from the manufacturing process in that month concerned; and	Not applicable
			(xi) the total of residual and rubbish from the manufacturing process that are disposed for the month concerned.	Not applicable

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			<p>(i) MBL must submit to the Monitoring Station, an annual statement which have been audited by an Independent Audit incorporating details on the raw materials/component used, finished goods produced, exemption and stock balance;</p> <p>(j) Up to 70% of the finished products (by value) must be for the export market while the balance 30% must be sold locally (subject to such duty/tax prevailing at that time) subject to the following conditions:-</p> <p>(i) the approved finished goods are Oil Expeller Machine and parts thereof, Elevator Machine, Conveyor Machine and Silo;</p> <p>(ii) a proper and up-to-date local sales record showing the movements of the finished goods sold locally must be sent to the Industry Division of the Customs Office in Muar monthly or on 28<sup>th</sup> day of the following month;</p> <p>(iii) it is MBL's responsibility to maintain such local sales records and any loss of goods will attract legal actions from the Customs Office; and</p> <p>(iv) the above approval may be revoked at any time upon non-compliance of the above prescribed conditions.</p> <p>(k) Disposal of residual and rubbish from the manufacturing process must be approved in writing by the State Director of Customs;</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Not applicable</p>

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			<p>(l) A Bank Guarantee of RM35,000.00 is required from the licence holder to safeguard the duty/tax in respect of the raw materials, components of finished goods kept in the licensed manufacturing warehouse and the movements of the dutiable goods;</p>	Complied
			<p>(m) Daily records must be kept in respect of total raw materials or components in the store, amount issued for production and amount of finished goods. The records must contain daily balances of raw materials, components and finished goods;</p>	Complied
			<p>(n) Upon the occurrence of any of the following events, MBLE must, within 14 days, notify the Senior Customs Officer (Factory Monitoring) in writing as such:-</p> <ul style="list-style-type: none"> <li>(i) changes in the composition of the Board of Directors of MBL E;</li> <li>(ii) a resolution to wind-up the MBL E;</li> <li>(iii) an order being made for the winding-up of MBL E;</li> <li>(iv) appointment of a liquidator or receiver;</li> <li>(v) MBL E is involved in any civil claims, liquidation, termination, cessation of businesses and others.</li> </ul>	Noted
			<p>(o) Application to the State Director of Customs for the renewal of licence must be made in the prescribed form at least one month prior to the expiry of the licence;</p>	Complied



4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
Royal Malaysian Customs (Cont'd)			(p) This licence can be revoked at any time upon contravention of any of the conditions herein provided, the Customs Act 1967 or such regulations under the Customs Act 1967;	Noted
			(q) The issuance of licence does not absolve the applicant or licence holder of the responsibilities to comply with the requirements of any written laws in relation to his/her other businesses; and	Complied
			(r) All manufacturing companies, including companies in Free Industrial Zone and licence manufacturing warehouse, corporations and organisations are require to use local parts and air parts as a condition for the exemption of import duty on their raw materials/components or machines or equipments.	Complied

MBLT

Authority	Effective date and expiry date	Nature of Licences, Permits, Concessions & Approvals	Conditions (if any)	Status of compliance
MTI	21 November 2006 to 20 November 2011	Pioneer status for 10 years to manufacture automated kernel crushing plant and parts thereof	(a) 100% tax exempt on statutory income for 10 years. (b) Value added (gross sales less cost of raw materials) from the MBLT's production must be at least 30%. (c) At least 15% of the total work force of MBLT must comprise of management, technical and supervisory staff.	Noted Noted Complied


4. INFORMATION ON THE MBL GROUP (Cont'd)

Authority MUI (Cont'd)	Effective date and expiry date 9 August 2006; No renewal is required and remains valid except it is revoked under the provisions of the Industrial Coordination Act 1975	Nature of Licences, Permits, Concessions & Approvals Manufacturing licence to manufacture automated kernel crushing plant and parts thereof	Conditions (if any)	Status of compliance
			(a) MBLT shall train Malaysian citizens so that the transfer of technologies and expertise can be channelled through all employment levels.	Complied
			(b) MUI must be informed of any sale of MBLT's shares.	Noted
			(c) This licence is issued subject to the approval of the relevant state government and Department of Environment.	Complied
			(d) MBLT must carry out the approved project in accordance with the other prevailing laws and regulations in Malaysia.	Complied

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**4. INFORMATION ON THE MBL GROUP (Cont'd)****4.2.11 Intellectual property****4.2.11.1 Trademarks**

We market our products under the trademark logo of "MBL". Our subsidiary, MBLE had obtained the approval from the Registrar of Trademarks, Malaysia on 7 April 1997 for the registration of our logo with the word "MBL".

Proprietor	Class	Trademark No.	Trademark Logo	Approval Date
MBLE	7	97004401		7 April 1997

In addition, we have made an application for registration of MBLT's logo in Malaysia and MBLE's logo in Indonesia.

Country	Proprietor	Class	Trademark Logo	Approval Date
Malaysia	MBLT	7	Trademark for palm & coconut oil expeller & all (orange logo with alphabets "MBLT")	Pending
Malaysia	MBLE	7	Trademark for palm & coconut oil expeller & all (words only "MBL")	Pending
Indonesia	MBLE	7	Trademark for palm & coconut oil expeller & all (palm tree with alphabets "MBL")	Pending
Indonesia	MBLT	7	Trademark for palm & coconut oil expeller & all (orange logo with "MBL Technology")	Pending

**4.2.11.2 Patents**

We have submitted our patent registration application with the Intellectual Property Corporation of Malaysia for our EK2 Series, a high performance second generation oil seed expeller on 19 January 2007 and it is still under the filing stage of the application process.

Proprietor/Applicant	Application No.	Description	Approval Date
MBLE	PI 20070093 @ 19-1-2007	Patent for new generation of Oil Seed Expeller	Pending

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#### 4. INFORMATION ON THE MBL GROUP (Cont'd)

##### 4.2.11.3 Empty Fruit Bunch ("EFB") Licencing Agreement

On 30 December 2008, we were licensed by Szetech Engineering Sdn Bhd ("Szetech") to manufacture EFB Treatment Machinery under the MBL brand name for a period of 2-years commencing from 1 January 2009 to 31 December 2010. The said machineries are used to press EFB to extract residue oil and reduce its moisture content as well as to shred EFB into smaller size. We have marketed the EFB Treatment Machinery in 2009 and have begun registering sales. A summary of the salient terms of the licence agreement is as follows:-

- (a) MBLT shall be allowed to market the aforesaid machines under its own brand provided the words "Manufactured under license from Szetech Engineering Sdn Bhd (336754-W)" are clearly and visibly stated onto the name plate of the machine;
- (b) Szetech shall provide the technical/products drawings and engineering input in order for MBLT to manufacture and market the above machines;
- (c) Szetech shall continue to produce the spare parts to service the machines sold;
- (d) Upon termination of this agreement, MBLT shall stop producing the machines and take stock of the machines not sold. A grace period of one year shall be given to MBLT to sell off the stock; and
- (e) This agreement is subject to review after the 2-years period.

##### 4.2.12 Research and development

We have always believed that quality is not the responsibility of a single department. Quality involves everyone, right from senior management down to the line operators. Our R&D policies and objectives keep quality, management integrity and manufacturing best practices at the forefront. We believe that our single-mindedness on quality is what enables us to consistently ship quality products to our customers.

##### R&D Policies, Objectives and Strategies

<b>Policies</b>	<ul style="list-style-type: none"> <li>▪ Maintain best practices and integrity for the highest quality.</li> <li>▪ Achieve total quality improvement through total involvement.</li> <li>▪ Build quality into our processes.</li> <li>▪ Cost minimisation without sacrificing quality.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>▪ Achieve consistency of quality in our products.</li> <li>▪ Enhance features of our products.</li> <li>▪ Increase capability of our products.</li> <li>▪ Improve efficiency of our products and our manufacturing processes.</li> <li>▪ Achieve zero-defects and minimise problem areas during project implementation and deployment.</li> </ul>
<b>Strategies</b>	<ul style="list-style-type: none"> <li>▪ Increase design and development manpower.</li> <li>▪ Keep abreast with new technologies, market trends and new opportunities.</li> <li>▪ Work closely with our customers on their requirement and feed back.</li> </ul>

## 4. INFORMATION ON THE MBL GROUP (Cont'd)

## 4.2.12.1 R&amp;D Achievements

Our recent R&D achievements are summarised as follows:

R&D Goal	Achievement	Year of Accomplishment
Reducing wear and tear for machine parts through hardfacing process. <sup>(1)</sup>	Increased the lifespan of internal wear and tear parts by 20%.	2003
Reduce manpower, human errors and improve process efficiency and lead time. <sup>(2)</sup>	Designed and developed our automated kernel crushing plant.	2006
Increasing durability for all machinery.	Anti-corrosion from free fatty acid for main shaft.	2007
Improving performance of our oil seed expeller. <sup>(3)</sup>	Lower oil loss; improvement by 15% as verified by external laboratory.	2007
Design and develop jatropha oil seed expeller. <sup>(4)</sup>	Successfully developed and tested our jatropha oil seed expeller.	2008

Notes:-

**(1) Hardfacing**

We adopted and modified a metal surfacing process called hardfacing for our worm, collar and taper head parts which are prone to high levels of wear and tear. Hardfacing is a welding related technique designed to protect new parts or restore worn parts by applying a layer of complex alloy that better resist wear and tear, abrasion or impact to improve the lifespan of the original part.

Through hardfacing, we have managed to increase the durability of our oil seed expellers and the lifespan of our parts, in particular worms, collars and taper heads. With our experience and R&D efforts, we managed to strengthen the surface of spare parts with less bubble built-up internally, hence higher durability. Our parts now last, an average, 20% longer than our previous model, translating to lower maintenance cost and downtime for our customers.

**(2) Automated Kernel Crushing Plant**

The details of the above can be found in Section 4.2.1 of this Prospectus.

**(3) Continuous Improvement**

The specific gap between the body cages' flat bars, the arrangement sequence of the worms and collars, the special designed dimension and flight angle and distance of the worms and collars, the technical know-how to adjust the oil seed expeller for optimum performance are all key factors and strengths that we have gained from over two (2) decades of hands-on experiences as well as R&D efforts to improve the performance of our oil seed expellers.

**4. INFORMATION ON THE MBI GROUP (Cont'd)****(4) Jatropha Oil Seed Expeller**

In 2006, we began R&D efforts on a jatropha oil seed expeller when we realised its market potential as the future crop for bio-diesel due to its non-edible and high oil content characteristics. In 2008, we have successfully developed the prototype for our jatropha oil seed expeller.

Following our success, we are extending our R&D efforts to improve our jatropha oil seed expeller performance, hence increasing the extraction rate results.

**4.2.12.2 Current and Planned R&D**

Our current and planned R&D focus is on the following:

<b>R&amp;D Goal</b>	<b>Expected Year of Accomplishment</b>
Reduce on the oil loss of our oil seed expeller	2009
Improve the performance of our jatropha oil seed expeller	2010
Multi-purpose oil seed expeller	2010
Reduce energy consumption of oil seed expeller	2010
Improve performance of jatropha oil seed expeller	2011

**4.2.12.3 R&D Expenditure**

Our R&D expenditure for the past three (3) FYE 31 December 2006 to 31 December 2008 is as follows:

	<b>2006</b>	<b>2007</b>	<b>2008</b>
R&D Expenses (RM'000)	365	337	470
Total Revenue (RM'000)	34,215	40,913	41,368
% of Total Revenue	1.1%	0.8%	1.14%

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**4. INFORMATION ON THE MBL GROUP (Cont'd)****4.2.13 Key milestones/achievements/certification**

Our key achievement milestones are as follows:

<b>Year</b>	<b>Key Milestones</b>
1987	Mr. Chua Ah Ba incorporated MBLE and commenced operations in the manufacture of palm kernel oil seed expellers, copra oil seed expellers and filters for the local and export markets.
1994	MBLE purchased a parcel of industrial land situated at No. 21 Kawasan Perindustrian Bukit Pasir, Muar, Johor measuring 65,340 sq. ft. for the construction of our first factory.
1996	MBLE commenced 1 <sup>st</sup> phase construction of our factory with a built-up area of 19,200 sq. ft. and moved in the following year.
1999	MBLE expanded its factory and increased our built up area to 38,934 sq. ft.
2001	MBLE purchased another piece of industrial land at JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, Muar, Johor, measuring 148,920 sq. ft. for the construction of our headquarters and second factory.
2002	MBLE obtained its ISO 9001:2000 and BS EN ISO 9001:2000 certifications from Moody International Certification (M) Sdn Bhd and Moody International Certification Ltd which are certified by Department of Standards Malaysia and United Kingdom Accreditation Service respectively.
2004	<ul style="list-style-type: none"> <li>▪ MBLE won the Golden Bull Award, being recognised as one of Malaysia 100 outstanding SMEs.</li> <li>▪ Incorporation of MBLT as a manufacturer specialising in automated kernel crushing plants.</li> <li>▪ MBLE won the Best Overall Award of SMI Recognition Award Series from the SMI Association of Malaysia.</li> <li>▪ MBLE established an after sales service team to provide better technical backup for local and international customers.</li> </ul>
2005	<ul style="list-style-type: none"> <li>▪ MBLE won the Best Trade Name Award from 'Trader Leaders' Club Spain.</li> <li>▪ MBLE won the Golden Bull Award, being recognised as 5<sup>th</sup> among Malaysia's 100 outstanding SMEs.</li> <li>▪ MBLE was awarded the Superbrands status by Superbrands Council Malaysia.</li> <li>▪ MBLE won the Export Excellence Award (SMB Recognition Award Series) by SMI Association of Malaysia.</li> <li>▪ MBLE obtained ISO 9001:2001 certification from Moody Certification, NA which is certified by ANAB.</li> </ul>
2006	<ul style="list-style-type: none"> <li>▪ MBLE was awarded the Business Superbrands status by Superbrands Council Malaysia.</li> <li>▪ MBLT obtained Pioneer Status from MITI.</li> <li>▪ MBLE won the Enterprise 50 Award, awarded by SMIDEC Malaysia</li> </ul>

**4. INFORMATION ON THE MBL GROUP (Cont'd)**

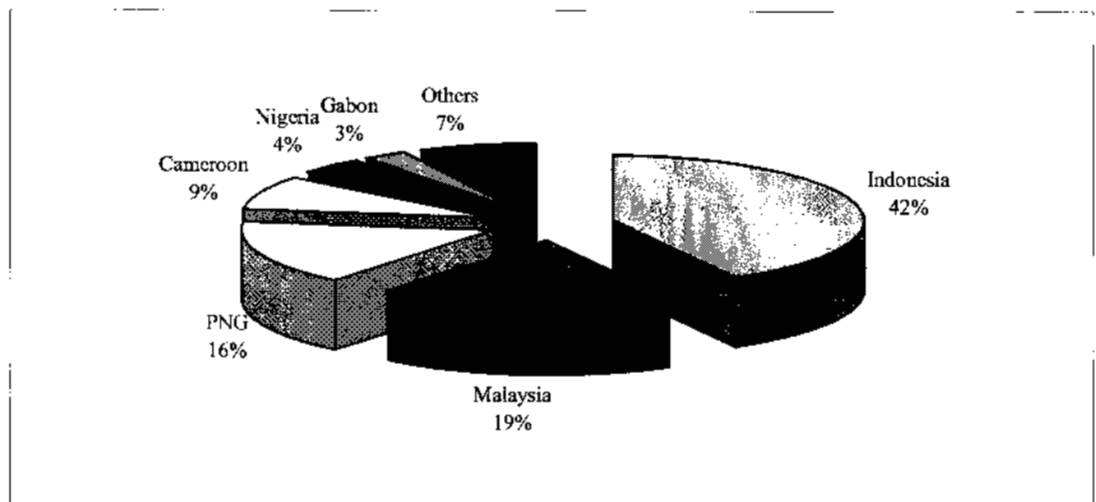
Year	Key Milestones
2007	<ul style="list-style-type: none"> <li>▪ Established a marketing and customer care office in Medan, Indonesia.</li> <li>▪ MBLE was awarded the Business Superbrands status by Superbrands Council Malaysia for the second year in a row.</li> <li>▪ Established a marketing office in Bintulu, Sarawak.</li> <li>▪ Completed construction of our second factory and corporate office with a total built-up area of approximately 72,600 sq. ft.</li> <li>▪ MBLE won a Business of the Year award by the SMI &amp; SME Worldwide Network under the Promising Company category.</li> </ul>
2008	<ul style="list-style-type: none"> <li>▪ MBLE won the Golden Bull Award again, being recognised as 5<sup>th</sup> among Malaysia's 100 outstanding SMEs.</li> <li>▪ MBLE won the Enterprise 50 Award by SMIDEC Malaysia.</li> </ul>

**4.2.14 Interruptions in business for the past twelve (12) months**

There has been no interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that may significantly impair our Group's business performance during the past twelve (12) months preceding the date of this Prospectus.

**4.2.15 Principal Markets**

Our principal markets comprise the local and the international markets. In FYE 31 December 2008, our international markets contributions to total revenue were approximately 81.2%. Indonesia remains our largest export market, followed by PNG and Cameroon in importance.

**FYE 31 December 2008****4.2.16 Seasonality**

Generally, our revenue is not affected by any seasonality in the demand of our products and services.



#### 4. INFORMATION ON THE MBL GROUP (Cont'd)

##### 4.2.17 Employees

We work towards providing a pleasant and conducive working environment for our employees. As at LPD, we have total staff strength of 97 employees as depicted in the table below.

##### Employee Breakdown by Years of Service, as at LPD

Employment Category	Years of Service			Total
	< 1 year	1 to 5 years	> 5 years	
Management & Professionals	1	4	8	13
Engineering / Executive	2	5	1	8
Supervisory	2	1	7	10
Admin & Clerical	2	6	1	9
Production Workers – Skilled	4	5	16	25
Production Workers – Unskilled	-	5	-	5
General Workers	10	16	1	27
<b>Total</b>	<b>21</b>	<b>42</b>	<b>34</b>	<b>97</b>

Our employees are primarily responsible for a variety of functions including product design and development, production, sales and marketing, and administration operations of our Group. The majority of our Group's employees are production workers involved in manufacturing operations, accounting for approximately 59% of our total staff.

Approximately 36% of our employees have been with us for more than five (5) years. None of our employees belong to any unions. There has also been no dispute between the employees and Management for the past 12 months.

As at LPD, of 97 employees, 67 or 69% of our employees are Malaysians and the remaining 30 or 31% of our employees are foreigners who are all on contractual basis.

We believe in providing a good working environment, fostering a pleasant relationship between our employees and our Group and offering training programmes to enhance our employees' capabilities and potential.

We focus on staff training through structured and effective training programmes. Performance reviews are conducted on an individual basis to ensure and evaluate the effectiveness of all training programmes developed. We recognise the importance of staff training and development in order to equip our employees with the necessary knowledge and skills to perform their jobs effectively. This is a critical aspect of our efforts to promote an effective and efficient workplace and a safe working environment for our employees.

With an ISO certification, we continuously educate our staff to adopt and maintain high quality standards through our QMS. With a LMW licence, our staff are trained to manage LMW requirements. Regular refresher courses are provided to train new staff and to keep updated with the latest developments. Other trainings include accounting and administrative training for administrative staff to strengthen their skills and knowledge.

**4. INFORMATION ON THE MRL GROUP (Cont'd)**

The table below lists the training and development programmes completed by the relevant employees of our Group. The programmes encompass external and internal training as well as development programmes:-

<b>Year</b>	<b>Programme</b>	<b>Organiser</b>
2006	Seminar on Goods & Service Tax	Persatuan Pegawai Kanan Kastani Malaysia
2006	CNC Machine Operation and Programming Training	External Training by Specialist Engineer
2006	Training on LMW Licensing, Facilitation and Control	ITS Training Centre
2006	Workshop Safety and Warehouse Procedure Training	In house
2007	First Aid and Cardiopulmonary Resuscitation	ITS Training Centre
2007	Microsoft Word 2000 and Microsoft Excel 2000	ITS Training Centre
2007	Seminar on How to Claim for Duty Drawback, Refund and Duty Exemption	Federation of Malaysian Manufacturers
2007	Training on LMW Licensing, Facilitation and Control	ITS Training Centre
2007	Construction Industries Development Board Training course for on site Engineers and Production Supervisor	Construction Industries Development Board
2007	Accident Investigation and reporting workshop training for Safety Officer	Jabatan Bomba dan Penyelamat Malaysia
2007	Production Work Instruction Briefing	In-house
2008	Focus Business Academy Training Program	ITS Training Centre
2008	Personal Computer Hardware & Software Maintenance Skills for Office and for Production	ITS Training Centre
2008	Job Competency – On the Job Training	In-house
2008	AutoCAD 2007 (Level 1: Fundamental Computer Aided Design ("CAD") Designer)	ITS Training Centre
2008	AutoCAD 2007 (Level 2: Isometric CAD Designer)	ITS Training Centre
2008	Simpodium Perakuan Bomba Training	Jabatan Bomba dan Penyelamat Malaysia
2008	Seminar Perkastaman: <ul style="list-style-type: none"> <li>• Amendment to harmonized</li> <li>• Role &amp; Function of Customs Verification Initiative</li> <li>• Declaration of Quality Customs Form</li> <li>• Implementation of SMK Paperless - Road Mode</li> </ul>	Royal Malaysian Customs

**4. INFORMATION ON THE MBL GROUP (Cont'd)****4.2.18 Location of Business**

Our location of production facilities, principal assets and principal place of business are as follows:-

<b>Company</b>	<b>Address</b>	<b>Approximate Built-up Area</b>	<b>Purpose</b>
MBL	JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	76,200 sq. ft.	Headquarters, investment holding
MBLE & MBLT	JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	76,200 sq. ft.	Operations, marketing and customer support
MBLE	No. 21 Jalan Rami 4, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	38,934 sq. ft.	Manufacturing and production
MBLE – Medan	1S, Jl Juanda III, No. 30J, Medan, Indonesia	250 sq. ft.	Marketing, customer service
MBLE – Bintulu	No. 74, 1 <sup>st</sup> Floor, Taman Siong Boon, Jalan Sibiew, 97000 Bintulu, Sarawak	1,119 sq. ft.	Marketing, customer service

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#### 4. INFORMATION ON THE MBI GROUP (Cont'd)

##### 4.3 MAJOR CUSTOMERS

Our Group's major customers (i.e. those individually contributing 10% or more of our Group's revenue for each of the last 3 financial years) are as follows:-

	Company	Country	% Sales	Products / Services	Length of Relationship (Years)
<b>FYE 31 December 2006</b>					
1.	TSH-Wilmar Sdn Bhd (formerly known as TSH Edible Oil Sdn Bhd)	Malaysia	30.6%	Palm kernel oil seed expellers & plant setup sales	3
2.	PT. Agro Jaya Perdana	Indonesia	13.6%	Palm kernel seed oil expellers & spare parts	17
<b>FYE 31 December 2007</b>					
1.	PT. Agro Jaya Perdana	Indonesia	12.7%	Palm kernel oil seed expellers & spare parts	18
2.	PT. Harapan Sawit Lestari	Indonesia	11.7%	Palm kernel oil seed expellers & plant setup sales	1
3.	PT. Sari Dumai Sejati	Indonesia	11.1%	Palm kernel oil seed expellers & spare parts	2
<b>FYE 31 December 2008</b>					
1.	Kumbungo Oil Mill	PNG	14.1%	Palm kernel oil seed expellers & plant setup sales	1
<b>FPE 30 June 2009</b>					
1.	Sunrise Clarity Sdn Bhd	Malaysia	23.8%	Palm kernel oil seed expellers & plant setup sales	1

Notwithstanding that certain customers contribute more than 10% as shown above, our Group is not heavily dependent on any major customers for our business as the contracts from these customers are mainly on project basis.

##### 4.4 MAJOR SUPPLIERS

Our major suppliers that constitute 10% or more of our Group's purchases for the latest three (3) financial years are as follows:

No.	Major Suppliers	% to Total Purchase	Length of relationship (years)	Products supplied	Country
<b>FYE 31 December 2006</b>					
1.	Flender Singapore Pte Ltd	31.1%	18	Gearbox	Singapore
<b>FYE 31 December 2007</b>					
1.	SM Cyclo (Malaysia) Sdn Bhd	17.0%	19	Gearbox	Malaysia
2.	PT. Galora Lestari	14.4%	1	Steel base products & hardware	Indonesia
<b>FYE 31 December 2008</b>					
1.	SM Cyclo (Malaysia) Sdn Bhd	14.0%	20	Gearbox	Malaysia
<b>FPE 30 June 2009</b>					
1.	SM Cyclo (Malaysia) Sdn Bhd	12.6%	21	Gearbox	Malaysia

#### 4. INFORMATION ON THE MBL GROUP (Cont'd)

Currently, our Group is not overly dependent on any single major supplier for our raw material and intermediate part supplies. As part of our purchasing strategy, we ensure that we consistently maintain at least two (2) to four (4) months supply of our steel related raw materials and intermediate parts in our inventory to ensure continuous supply for production.

#### 4.5 SUBSIDIARIES

##### 4.5.1 MBLE

###### (a) History and background

MBLE was incorporated on 8 December 1987 under the Act as a private limited company. It commenced business on 9 December 1987.

###### (b) Principal activities and products/services

MBLE is principally engaged in the manufacturing of oil seed expellers and its related parts.

###### (c) Substantial shareholders

Shareholder	Direct		Indirect	
	No. of ordinary shares held in MBLE	%	No. of ordinary shares held in MBLE	%
MBL	2,000,000	100.00	-	-
MBL Realty	-	-	2,000,000 <sup>(d)</sup>	100.00

Note:-

<sup>(d)</sup> Deemed interested by virtue its shareholding in us pursuant to Section 6A of the Act.

###### (d) Share capital

The authorised capital is RM5,000,000 of which 2,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of MBLE since 8 December 1987 are as follows:

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
8 December 1987	30,000	1.00	Cash	30,000
11 January 1989	120,000	1.00	Cash	150,000
11 September 1997	100,000	1.00	Bonus issue	250,000
22 March 2001	250,000	1.00	Bonus issue	500,000
25 November 2005	500,000	1.00	Cash	1,000,000
29 September 2006	1,000,000	1.00	Cash	2,000,000

###### (e) Subsidiary/associated company

MBLE does not have any subsidiary or associated company.

#### 4. INFORMATION ON THE MBL GROUP (Cont'd)

##### 4.5.2 MBLT

###### (a) History and background

MBLT was incorporated on 6 September 2004 under the Act as a private limited company under the name of Muar Ban Lee Holdings Sdn Bhd. It changed its name to MBLT on 2 March 2006 and commenced business on 17 October 2006.

###### (b) Principal activities

MBLT is principally engaged in the manufacturing of automated oil seed expellers and its related parts.

It was granted a pioneer status under the Promotion of Investments Act 1986 from MITI for ten (10) years commencing 21 November 2006 to manufacture automated kernel crushing plants and parts thereof.

###### (c) Substantial shareholders

Shareholder	Direct		Indirect	
	No. of ordinary shares held in MBLT	%	No. of ordinary shares held in MBLT	%
MBL	200,000	100.00	-	-
MBL Realty	-	-	200,000 <sup>(1)</sup>	100.00

Note:-

<sup>(1)</sup> Deemed interested by virtue its shareholding in us pursuant to Section 6A of the Act

###### (d) Share capital

The authorised capital is RM1,000,000 of which 200,000 ordinary shares of RM1.00 each has been issued and fully paid-up.

The changes in MBLT's issued and paid-up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
6 September 2004	3	1.00	Cash	3
13 October 2004	1	1.00	Cash	4
20 October 2006	199,996	1.00	Cash	200,000

###### (e) Subsidiary/ associated company

MBLT does not have any subsidiary or associated company.

## 5. INDUSTRY OVERVIEW

*The content of this section has been extracted from the Independent Market Research Report prepared by D&B Malaysia.*

### 5.1 The Global Economy

The global economy was characterised by two (2) distinct periods in 2008. In the first half year, economies across the world were facing intense inflationary pressures amidst sharp increases in prices of oil, food and other commodities. This, however, gave way to concerns over the intensification and spread of turmoil in the international financial markets and their contractionary impact on economic growth. The global economy sustained its growth in the first half of 2008, largely due to the strong performance of the emerging economies, while the advanced economies, particularly the US, experienced a moderation in growth. The deterioration of the financial problems in the advanced economies initially caused investment funds to shift out of mortgage securities and equities to commodities, contributing to record high prices of crude oil and other commodities by the middle of the year. This subsequently resulted in increased cost-push inflationary pressures globally.

Global economic conditions, however, experienced a major reversal in the second half of 2008, as the financial crisis developed into a systemic failure of the financial system. Concerns over inflationary pressures that prevailed in the first half shifted rapidly towards the threat of economic contraction as the intensification of the global financial turmoil and the ensuing credit crunch led the advanced economies into a synchronised recession. The spillover effects on the emerging economies were evident towards the end of the year. The more open economies in Asia experienced export-led recessions, while growth in the other economies moderated sharply. The sharp deterioration in global financial and economic conditions precipitated a rapid correction in commodity prices, and together with rapidly contracting demand conditions, resulted in large reduction in inflationary pressures sweeping across the global economy.

Global financial markets will remain under stress in 2009 in spite of the extensive measures that have been unveiled, reflecting the ongoing need to repair and restructure the severely damaged balance sheets of a large number of systemically important financial institutions in several advanced economies. Alongside the continued impact of the credit crunch on domestic demand, private consumption will also face pressures from job losses and declining asset prices, while private investment will be constrained by the significantly weaker demand and higher unutilised capacity. These developments in the advanced economies will adversely affect the growth of the Asian regional economies, given the contraction in trade and investment flows.

#### Global Real Gross Domestic Product ("GDP") Growth, 2001-2009<sup>e</sup>

Growth (%)	2001	2002	2003	2004	2005	2006	2007	2008 <sup>e</sup>	2009 <sup>f</sup>
World GDP	2.5	3.1	4.0	5.3	4.8	4.9	5.2	3.4	0
US	0.8	1.6	2.5	3.9	3.1	2.9	2.0	2.1	-2.0
Japan	0.2	0.3	1.4	2.7	1.9	2.2	2.4	-0.6	-2.6
Euro area *	1.9	0.9	0.8	2.0	1.5	2.8	2.4	0.8	-2.7

Notes:

\* = Indicates member countries of the Euro area (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Spain)

e = estimate

f = forecast

Source: Bank Negara Malaysia

## 5. INDUSTRY OVERVIEW (Cont'd)

### 5.2 The Malaysian Economy

The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported growth during the year. While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in commodity prices in the second half led to a contraction in Malaysia's export performance in the latter part of the second half year. Given the high degree of openness of the Malaysian economy, the contraction in exports adversely affected income and domestic demand. Private investment activities and private consumption moderated significantly in the fourth quarter of 2008.

Being a highly open economy, Malaysia has already been impacted by the adverse global environment with exports and industrial production declining, in particular, steeply since December 2008. The rapid deterioration in external demand also dampened private investment and consumption and has led to weaker labour market conditions, which contributed to the significant moderation in domestic demand in the fourth quarter of 2008. The Malaysian economy is expected to experience the full impact of the global downturn in 2009, and to grow at between -1.0% and 1.0% in the year.

In response, several policy measures have been put in place with a primary focus on supporting domestic demand, as well as mitigating the impact of the global slowdown on the affected sectors of the economy. On 4 November 2008, the Government announced the first economic stimulus package amounting to RM7 billion. The funds would be allocated to projects which have a high and immediate multiplier impact on the economy. As the global economic conditions deteriorated further in the fourth quarter of 2008 and in the early part of 2009, a second economic stimulus package of RM60 billion or almost 9% of GDP was announced on 10 March 2009. The package will be implemented over 2009 and 2010, and will involve spending on training, job creation, improving public infrastructure, school facilities and basic amenities, as well as establishing guarantee facilities.

Taking into account the expectation of a deepening global downturn as well as the support provided by the policy measures, real GDP performance in 2009 is projected to be between -1% to 1%. Domestic demand is expected to provide the main support to the economy and is projected to record a positive growth, with public sector expenditure and private consumption as the main anchors. Public sector expenditure is projected to increase substantially following the implementation of the government's stimulus measures, thus providing major support to the overall economic growth in 2009.

#### Annual Change in Real GDP by Sector, 2001-2009e (2000 prices)

Growth (%)	2001	2002	2003	2004	2005	2006	2007	2008 <sup>p</sup>	2009 <sup>f</sup>
GDP	0.5	5.4	5.8	6.8	5.0	5.8	6.3	4.6	-1.0 ~ 1.0
Agriculture	-0.2	2.9	6.0	4.7	2.6	5.4	2.2	3.8	-2.0
Manufacturing	-4.3	4.1	9.2	9.6	5.3	7.1	3.1	1.3	-8.0
Mining and quarrying	-1.7	4.4	6.1	4.1	-1.3	-2.7	3.3	-0.8	-0.4
Construction	3.3	2.3	1.8	-0.9	-1.8	-0.5	4.6	2.1	3.0
Services	4.1	5.8	4.2	6.4	6.7	7.3	9.7	7.3	4.5

Notes:  
p= preliminary  
f = forecast



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**5. INDUSTRY OVERVIEW (Cont'd)**

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**5.3 The Manufacturing Sector In Malaysia**

The manufacturing sector is projected to decline sharply by -8% in 2009, to be led by steep contractions in export-oriented industries and weaker support from domestic-oriented industries. In particular, the electrical and electronics ("E&E") industry is expected to be the worst affected by the sharp deterioration in global conditions affecting the final demand for all E&E products. Similarly, weak external demand and declining commodity prices will affect the performance of the primary commodities-related industries. Nonetheless, demand for hygiene and medical rubber gloves will continue to provide support to the rubber industry.

The consumer-related industry is expected to grow at a slower pace due to the expected decline in demand for motor vehicles which will affect the manufacturing of transport equipment. However, performance in this industry will be supported by sustained growth in the food and beverages industry given moderate but continued growth in domestic demand. Construction-related industries are expected to move in tandem with the broad construction sector and resume a more favourable growth path in the second half of the year as the economic stimulus measures take effect.

**5.4 The M&E Industry in Malaysia****5.4.1 Introduction**

The history of the M&E industry can be traced back to the Industrial Revolution in Europe. During this period, modern machinery was introduced to the world and thus revolutionise the manufacturing sector. As the demand for M&E increased, the engineering supporting industry emerged and played a vital role in providing efficient M&E to meet the growing demand from both small and large manufacturers. Gradually, the M&E industry reformed from a mere conventional industry to an automated-based industry. Today, the application of automated manufacturing system is widely utilised in the manufacturing sector. In line with the rapid changes in technology, the use of automation equipment has become a vital factor for success in the manufacturing sector.

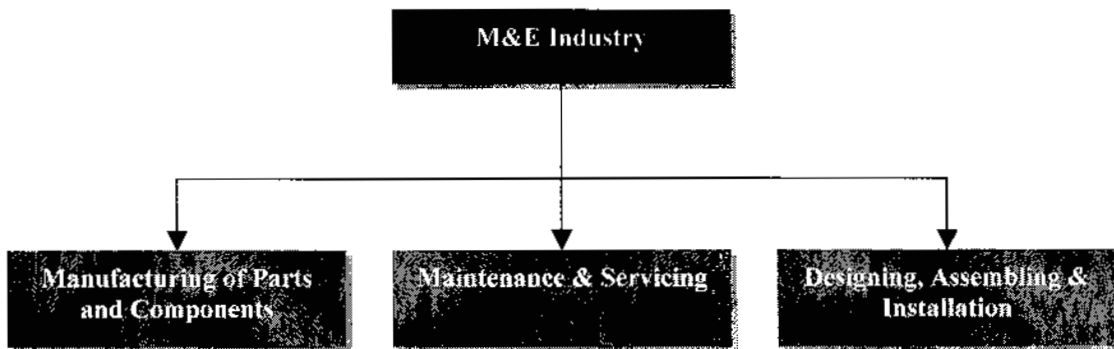
In Malaysia, the evolution of the local M&E industry began with the demand for the maintenance and servicing of M&E utilised by both the agro-based and resource-based industries, namely the rubber products and mining industries. Replacement spare parts and components were copied and produced for both the domestic and imported M&E, by employing various engineering practices such as foundry, machine shop and fabrication. Import substitution policies, vehicle assembly and the development of the offshore petroleum industry in the seventies also benefited the M&E industry. These segments are closely related to the engineering supporting industry. Malaysia has been gradually building up the M&E industry with the emergence of a number of local players, foreign players as well as joint-ventures.

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## 5. INDUSTRY OVERVIEW (Cont'd)

Since early 1980s, the national economic policy has placed greater emphasis on the manufacturing sector and its capital-intensiveness indirectly created a demand for capital goods. Subsequently, rapid expansion can be observed from the manufacturing sector and its contribution to the economy. In 1980, the manufacturing sector contributed 16.8% to the GDP and it rapidly expanded until it accounted for 30.1% of the GDP in 2007. This reflects the importance of the manufacturing sector as one of the main engines of growth in the economy. In line with the growing importance of the manufacturing sector, Malaysia's dependence on the import of machinery and equipment is expected to expand as well. As such, the local production of local machinery and equipment has become increasingly important to reduce the country's dependency on imported M&E, especially in the E&E industries. The need for locally-made M&E to support the manufacturing sector has encouraged the M&E industry to move towards the manufacturing of M&E for purely maintenance and servicing as well as the manufacturing of replacement parts and components. Currently, M&E is utilised in the various industries of the manufacturing sector, such as the E&E, automotive, packaging, laboratory, testing, measuring and quality control equipment, plastic products, rubber products, material handling machinery and equipment, machine tools, medical devices, and food and beverage industries.

### Major Activities of the M&E Industry



In Malaysia, the major activities of the M&E industry can be segregated into three (3) major categories, namely the manufacturing of parts and components, the maintenance and servicing of M&E, and the designing, assembling and installation of M&E.

### 5.5 Industry Structure and Classification

#### (a) Machinery and Equipment Industry

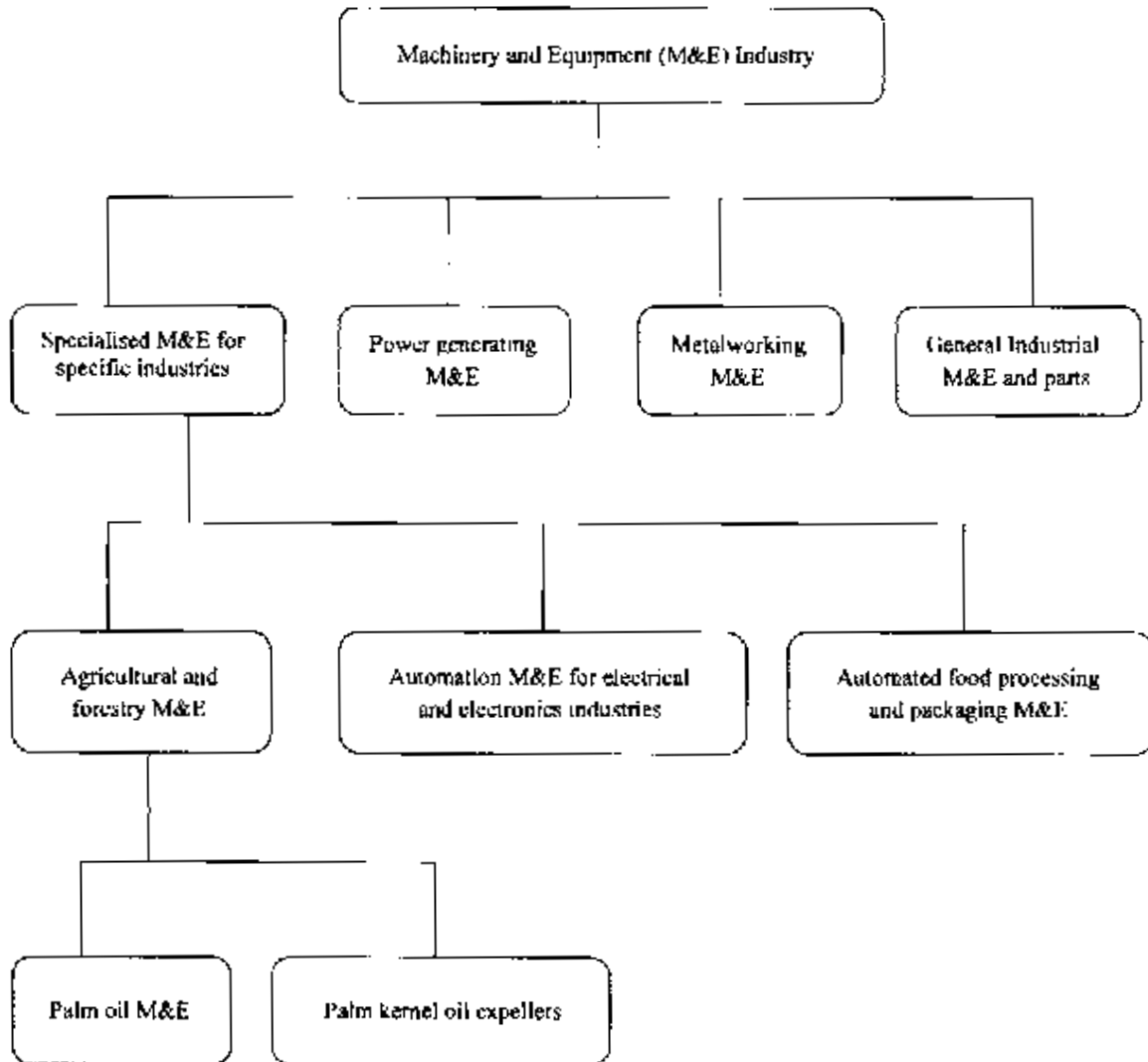
According to the Malaysian Industrial Development Authority ("MIDA"), the machinery and equipment ("M&E") industry can be classified into four (4) broad segments, namely specialised M&E for specific industries; power generating M&E; metalworking M&E; and general industrial M&E and parts. There are various other sub-segments under each of the main segments. Each of these segments and sub-segments is an industry by itself.

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**5. INDUSTRY OVERVIEW (Cont'd)**


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**Classification of Machinery and Equipment Industry**


The specialised M&E industry caters to the needs of industries such as agriculture, food processing, E&E and others. Sales of the M&E industry amounted to about RM5.9 billion in 2007, an increase of 1.9% from the previous year. The M&E are mainly custom-made machinery and fabricated according to users' specific requirements. Local companies in this industry undertake R&D, engineering design, innovation, outsourcing of parts and components (both local and imported), assembly, testing and calibration.

Meanwhile, the local power generating M&E industry mainly comprises the manufacture of boilers, condensers, electric generating sets, turbines and engines. The main M&E produced in the country are industrial boilers for general industrial applications.

On the other hand, the metalworking M&E industry encompasses a wide range of M&E such as metal cutting machine tools and metal forming / shaping machine tools such as laser cutting machines, machining centres, electric discharge machines, milling machines, drilling machines, lathes, shearing machines, bending rolls, stamping machines, press brakes, forging machines, and hydraulic and power presses.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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Lastly, in the general industrial M&E and parts industry, it covers a broad category of products which include air conditioning plants and equipment, material handling equipment, pressure vessels and heat exchangers.

**(b) Specialised M&E Industry**

The specialised M&E industry refers to the manufacturing of M&E which are produced for a specific purpose or process in a particular industry. Major specialised M&E manufactured include palm oil and palm kernel oil M&E and food processing M&E, as well as automation M&E for the E&E industries. The emphasis by the Government to revitalise the agricultural sector, which will involve large-scale commercial farming, wider application of modern technology and production of high quality and value added products has spawned investment opportunities in the manufacturing of M&E for the cultivation of crops, fruits and vegetables, plantation management, livestock rearing, meat and dairy processing. In the food processing industry, the focus is on automated food processing and packaging M&E.

Currently, there are about 46 companies in operation producing M&E for agriculture products and their processing, in particular for food processing, rubber products, palm oil processing, and livestock rearing and processing. There are about 26 companies producing automation M&E for the E&E industry such as surface mounting machines, vision inspection systems, tape and reel machines, laser marking machines, die bonders, auto dispensing machines and other flexible manufacturing systems with full automation, incorporating advanced handling systems and intelligent systems.

Based on the Malaysia Standard Industrial Classification ("MSIC") 2000 code system, the specialised M&E industry is classified under product code 29210. The manufacturing of palm kernel oil seed expellers falls under product code 29210.

**5.6 Government Legislations, Incentives & Policies**

Malaysia aims to be the regional production hub for specialised M&E that also falls under the high technology category. Besides aspiring to be the main distribution centre in the region for all types of M&E, it is also hopeful of being the centre for maintenance-related services, refurbishment, re-conditioning and upgrading of high technology specialised M&E. In other words, Malaysia aims to nurture the M&E industry to be a resilient, broad-based, cost-efficient and competitive industry while focusing on R&D, engineering design, state-of-the-art technology and market development.

The Government has identified the M&E industry as one of the key areas for growth and development. In the 2002 and 2003 Budgets, enhanced fiscal incentives such as a 10-year pioneer status with a 100% income tax exemption were introduced for the manufacture of high value added and high technology M&E. This will not only reduce Malaysia's imports, especially M&E for the E&E industry, but also strengthen the supporting industries, which are crucial for the development of the M&E industry.

**5.6.1 Legislations**

Under the Factory and Machineries Act, 1967, any employees in the factory exposed to a wet or dusty process, to heat or any poisonous, corrosive or other injurious substance which is likely liable to cause bodily injury to them, may be provided with suitable and adequate personal protective clothing and appliances. They include goggles, gloves, leggings, caps, foot wear and protective ointment or lotion. Both the foundations and floors of the factory shall be of sufficient strength to sustain the loads for which they are designed; and no foundation or floor shall be overloaded.

## 5. INDUSTRY OVERVIEW (*Cont'd*)

M&E manufacturers are also subjected to the Occupational Safety and Health Act, 1994 ("OSHA"). This OSHA is enforced by the Ministry of Human Resources under the Department of Occupational Safety and Health ("DOSH"). Under OSHA, the employer has a duty to protect the safety, health and welfare of all his employees. The OSHA requires the employer to:

- provide and maintain plant or equipment and systems of work that are safe and without risks to health;
- make arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant;
- provide information, instruction, training and supervision as is necessary to ensure the safety and health of the workers; and
- maintain his place of work to ensure it is safe and without risks to health.

The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must receive sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has knowledge and experience of the machine or process.

Lastly, both effective and suitable provision shall be made for securing and maintaining adequate ventilation by the circulation of fresh air in every part of the factory and for rendering harmless, so far as practicable, all gases, fumes, dust and other impurities that may be injurious to health arising in the course of any process or work carried on in the factory.

### 5.6.2 Incentives

Companies undertaking activities in the production of specialised M&E, namely, machine tools, plastic injection machines, plastic extrusion machinery, material handling equipment, packaging machinery, robotics and factory automation equipment, specialised / process machinery or equipment for specific industries, and parts and components of the mentioned machinery and equipment, are eligible for the following:

- Pioneer status with income tax exemption of 100% of the statutory income for a period of ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or
- Investment tax allowance of 100% on the qualifying capital expenditure incurred within five (5) years from the date the first qualifying capital expenditure is incurred. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Among the main conditions to be complied are that the value added achieved in the manufacturing of the products must attain 30% and the managerial, technical and supervisory staff must comprise at least 15% of the company's manpower.

### 5.6.3 Policies

The Malaysian Government envisaged that with increasing competition from lower cost countries, the M&E industry is expected to move away from the manufacture of low-end M&E. It is anticipated to strengthen its design, development and innovation capabilities in the production of high technology and specialised M&E.

Under the IMP3, six (6) strategic thrusts have been set for the further development of the M&E industry. They are as follows:

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**5. INDUSTRY OVERVIEW (Cont'd)**


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- **Promoting Malaysia as a regional production, trading and distribution centre**

Suitable areas will be developed as free commercial zones, complete with integrated facilities covering logistics support, warehousing and distribution, marketing and trading, training centres, R&D and technical support centres, testing and calibration, and business development and other related activities. In this way, the country can be developed as a regional production centre for selected high technology and specialised M&E.

- **Developing and promoting specialised and high technology M&E including, inter-alia specialised machinery catered for agriculture industry**

- **Strengthening engineering support industries and support services**

To complement the development of the M&E industry, measures will be undertaken to strengthen business activities in moulds and dies; iron and steel casting; heat treatment; machining; parts, components, modules and sub-assemblies; test, calibration and certification; R&D, design and development ("D&D") and other technical support; repair, maintenance, reconditioning and upgrading of M&E; and total business solutions. Special support programmes, in the form of business advisory services and other assistance, will be developed to nurture the SMEs involved in the industry.

- **Developing Malaysian standards**

An international standard on safety and quality will be adopted to develop Malaysian standards for M&E, including parts, components and materials. The standards will be modified to suit the country's requirements. It will be mandatory for all M&E, whether locally produced or imported, to comply with the Malaysian standards on safety and quality.

- **Developing a highly skilled workforce**

Sufficient human resources with the relevant knowledge, competencies and skills will be produced with the support and coordination of various institutions of higher learning, research institutes and technical training centres. The emphasis will be on the areas of engineering design, software development and programming, machine assembly and integration, servicing and maintenance, machining, welding, fabrication and precision casting.

- **Strengthening institutional support**

Universities will be encouraged to establish centres of excellence in specific fields in M&E. More collaboration will also be encouraged between public research institutes and institutions of higher learning with the industry, so as to achieve higher coordinated R&D in specific niche areas in M&E. Measures will also be taken to strengthen the existing research and technical centres which undertake R&D activities, including expertise and facilities in the related fields in M&E. The Government will also consider the development of a dedicated technical institute to undertake R&D on technology innovations and applications for M&E, including business development and commercialisation. The institute will be equipped with testing, prototyping and incubation facilities. Technical consultancy services will also be offered to the SMEs involved in the industry.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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**5.7 Substitutes**

The traditional palm kernel oil extraction method in the old days is to fry the palm kernels in used oil or simply heat them. The kernels are then pounded or ground to a paste in a grinder. Subsequently, the paste is mixed with a small quantity of water and heated to release the palm kernel oil and the released oil is periodically skimmed from the top.

Although manual palm kernel oil seed expellers are available, the palm kernel oil crushing plants often use powered equipment to reduce the time and labour involved in processing. It is simply not cost effective to use manual palm kernel oil seed expellers as the yield is smaller than that of the powered versions. Manual palm kernel oil seed expellers are only suitable for the cottage and backyard industries in the remote areas, where mass production of palm kernel oil is not required. In the competitive business world of today, a palm kernel oil crushing plant cannot rely on manual oil seed expellers as it is too slow and an inefficient process.

Many industrial processes utilise solid / liquid separation technologies to recover valuable ingredients and to separate unwanted processing material from the end products. There are two (2) main modern methods currently used for extracting palm kernel oil, namely the mechanical process by screw pressing and the solvent extraction process. However, a third hybrid process, consisting of pre-pressing followed by solvent extraction, is also used. In general, the design and principles of operation of the different types of machinery for extraction of palm kernel oil are quite similar. Economic factors and cost-benefit analyses such as plant capacity, investment cost, process efficiency and safety requirements influence a palm kernel crushing plant's choice of the extraction process.

Mechanical extraction is suitable for both small and large operations. It comprises three (3) stages, that is, kernel pre-treatment, screw pressing and oil clarification. Proper kernel pre-treatment is necessary for efficient palm kernel oil extraction. The raw kernels from the silo or warehouse must first be cleaned of foreign materials which can cause damage to the processing machinery in subsequent operations and as well as contamination of the products. Magnetic separators are commonly used to remove metallic debris, while vibrating screens are used to sieve lumps of fibres, stones and other undesirable solid materials. Screw pressing is the core operation, whereby the oil is recovered from the kernel. The screw press consists of an uninterrupted helical thread which is also known as the worm. The raw oil from the screw press invariably contains a certain quantity of sediments. Hence, it is pumped to a coarse vibrating screen to remove a large portion of the sediments. Subsequently, the oil is channelled through a filter press for the final removal of the remaining solids prior to storage.

Solvent extraction of palm kernel oil is also practised commercially. It comprises the main stages of kernel pre-treatment, oil extraction and solvent recovery from the miscella. The basic operation of the solvent extraction process involves the leaching of palm kernel oil from the oil-bearing material when it comes into contact with a suitable solvent, which is usually hexane. The miscella refers to a solution of the palm kernel oil in solvent. The miscella is passed through a filter to a pre-heater and then one or more evaporators to flush off the main bulk of the solvent. This is followed by a final stripping to remove the last traces of the solvent.

The hybrid process is a combination of both the mechanical and solvent extraction methods. In this process, the palm kernel is first pre-pressed at a low pressure to extract part of the oil, and the pre-pressed meals then undergo subsequent solvent extraction to remove the remaining palm kernel oil. The oils obtained from these processes are then mixed together for subsequent clarification.

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## 5. INDUSTRY OVERVIEW (Cont'd)

The mechanical process is the common method used in extracting palm kernel oil in the industry. Although the solvent process is slightly more efficient in terms of palm kernel oil recovery, the additional revenues from the higher palm kernel oil recovery must be able to offset the additional operational costs before it becomes economically viable. The higher operational costs are due to a combination of factors like higher electricity consumption, additional cost of hexane and the larger volume of steam needed. In addition, the solvent process entails a higher cost of capital investment, the risk of fire and explosions from the solvent and the complexity of the process. Lastly, as a chemical solvent that is purified from crude oil, hexane is a toxic air contaminant and a greenhouse gas, which is environmentally unfriendly. In an era of volatile crude oil prices, operators using hexane are also susceptible to unstable prices of hexane, which would impact on their business planning and operations. Hence, the solvent process is less commonly used today. Also, the oil remaining in the palm kernel meal processed by the mechanical process is highly valued by the animal feed compounder as it does not contain any chemicals and hence, there is a compensating effect through the higher price obtained for the meal.

### 5.8 Major Industry Players

The major foreign manufacturers oil seed expellers are mostly manufacturers from China, India and Taiwan. They are involved in the design, fabrication, and installation and commissioning of oil seed crushing plants and machinery.

#### Major Foreign Oil Seed Expeller Manufacturers

Company (Country of Origin)	Principal Activities	Products
Anyang General International Co. Ltd. (China)	Anyang General International Co. Ltd. ("AGICO") is principally involved in the manufacturing of mechanical machineries and equipments. AGICO is also involved in external cooperation for the setting up of complete plants and equipments for various industries. The company is located in Northern China and has customers in over 50 countries worldwide.	General machineries for various industries including the palm oil industry.
Gagan International (India)	Gagan International is a manufacturer and supplier of customised oil expeller presses and their spare parts for biodiesel extraction. The company has a total of approximately 100 trained employees. Each of the company's oil expeller press are made up of 200 individual parts that are assembled together to form the machine. The company's products are exported to over 25 countries worldwide.	Oil expellers, oil mill spares, filter presses, oil mill accessories, biodiesel plants, refinery plants.
Gobind Expeller Company (India)	Gobind Expeller Company is principally involved in the manufacturing and exports of machineries for oil mill industries. The company has been in operation since 1943 in Lahore and made their first expeller for cottonseed in 1945. The company has a market presence in Africa, South East Asia and South America.	Seed preparation machines, oil extraction machines, oil cleaning machines, etc.
Goyum Screw Press (India)	Goyum Screw Press is principally involved in the manufacturing and exports of oil mill machineries. The company was established in 1971 and began manufacturing high capacity expellers. The company exports its products to 28 countries, including the US, Canada, Australia, United Kingdom, France, Bulgaria, Belgium, Germany, Mali, etc.	Oil extraction machines, seed processing machinery, filter press, oil expeller spare parts.



## 5. INDUSTRY OVERVIEW (Cont'd)

Company (Country of Origin)	Principal Activities	Products
King Oil Expeller Co. (India)	King Oil Expeller Co. is a manufacturer and exporter of oil mill machineries. The company is located in Ludhiana, India and claims to have six decades of experience in the manufacturing of oil mill machineries.	Oil expellers for mustard seed, copra, sunflower seed, castor seed, jatropha seed, cotton seed, ground nuts, and palm kernel seeds.
Krishna Engineering (India)	Krishna Engineering is principally involved in the manufacturing of oil expellers for a variety of edible and non-edible oil seeds in varying capacities. The company's received an award for being the pioneer of the double and triple chamber oil expellers.	Single, double and triple chamber oil expellers.
Kumar Metal Industries Pvt. Ltd. (India)	Kumar Metal Industries Pvt. Ltd., established in 1939, is principally involved in the manufacturing and exports of oil mill machineries. The company is ISO 9001:2000 certified and is actively involved in the set up of turnkey projects in oil mills, solvent extraction plants and oil refineries. The company has approximately 200 employees and approximately more than 500 customers spread across 25 countries. The company has also diversified into the plastics industry and water purification plants.	Oil mill machinery, solvent extraction plant, refineries, etc.
M/s Swastik Traders (India)	M/s Swastik Traders was established in 1968 and is principally involved in the manufacturing of oil mill machineries including oil expellers, filter press, baby boilers, neutralisers, screw conveyors, elevators and flakers. The company is also a licensee of various modern technologies in India.	Oil expellers, filter press, seed cleaner, neutraliser refinery, oil mill spares.
Om Sons International (India)	Om Sons International is principally involved in the manufacturing and exports of oil expellers, expeller parts, and other related parts. The company is also involved in the fabrication of biodiesel and bio-fuel plants. The company is ISO 9001:2000 certified and has clients in South East Asia, Middle East, Africa, and Latin American countries.	Oil expeller, expeller spares, precision gears.
Shanghai Xuyi Machinery Co. Ltd. (China)	Shanghai Xuyi Machinery Co. Ltd. was established in 1992 and is principally involved in the manufacturing and exports of various oil machineries and equipments including oil expellers.	Oil press, oil filter, sheller, cooker, oil refiner, generator, water pump, flour mill, hammer mill, rice huller, etc.
Shanq Jer Industries Co. Ltd. (Taiwan)	Shanq Jer Industries Co. Ltd. is a Taiwan based company and is principally involved in the manufacturing of animal and vegetable oil machineries. The company has 40 years of experience in the vegetable oil industry and has clients from Africa, China, Malaysia, Thailand, Singapore, Solomon Islands, Mongolia and Russia.	Various animal and vegetable oil machineries.

5. **INDUSTRY OVERVIEW (Cont'd)**

Company (Country of Origin)	Principal Activities	Products
Shree Balaji Industrial Corporation (India)	Shree Balaji Industrial Corporation is a manufacturer and exporter of oil expellers/ oil mill machineries and spare parts. The company's objective is to provide their customers with technically advanced and highly innovative oil mill machinery spare parts, along with efficient after sale support services. The company's manufacturing facility has a workforce of more than 50 professionals.	Oil expeller spare parts, oil extracting machines, seed preparation machines, oil cleaning machines, etc.
V.V.S Expeller Industries (India)	V.V.S Expeller Industries is principally involved in the manufacturing and exports of oil expeller and expeller spare parts.	Oil expellers, filter press, spare parts, elevators, neutraliser tanks, baby boilers, copra cutters.

(Source: D&B)

There are numerous oil seed expeller companies in Malaysia comprising manufacturers as well as traders. The selection of the major comparable local companies is based on the following criteria:-

- (i) manufacturers of a variety of oil seed expellers inter-alia palm kernel oil seed expellers; and
- (ii) annual revenue of RM5 million and above.

Based on these criteria's, there are six (6) major oil seed expellers manufacturers in Malaysia. They are MBI, YKL Engineering Sdn. Bhd. ("YKL"), Khun Heng Engineering Works Sdn. Bhd. ("Khun Heng"), Dong Yuan Engineering Sdn. Bhd. ("Dong Yuan"), Nee Soon Tat Engineering Works Sdn. Bhd. ("Nee Soon Tat") and HSS Industrial Products Sdn. Bhd. ("HSS"). These manufacturers supply oil seed expellers to local and overseas plantation owners and millers.

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5. **INDUSTRY OVERVIEW (Con'd)**

The table below summarises the six (6) major players in the manufacturing of oil seed expellers in Malaysia:

Company Name	Financial Year End	Principal Activities	Product(s)
MBL	31 December 2007**	MBL is principally involved in the design and manufacture of oil seed expellers and ancillary machinery for oil seed crushing plants; plant setup sales and services; and the manufacture and sale of oil seed expeller and ancillary machinery spare parts to plantation owners and millers globally.	Palm kernel oil seed expeller, coconut/ copra oil seed expeller, EFB press, sunflower and rapeseed oil expeller, filter press, pressure filter, elevators, conveyors and other related palm kernel oil crushing plant machinery.
YKL*	30 November 2007***	YKL is principally involved in the design and manufacture of specialised machinery and equipment in the palm oil industry.	Heavy duty EFB press, palm kernel oil seed expellers, heavy duty EFB shredder, fresh fruit bunch ("FFB") splitter machine, hammer mill/ pulveriser, bunch crusher, filter press.
Khun Heng*	30 November 2007***	Khun Heng is principally involved in the design and manufacture of specialised machinery and equipment in the palm oil industry.	Heavy duty EFB press, palm kernel oil seed expellers, heavy duty EFB shredder, EFB splitter machine, hammer mill/ pulveriser, bunch crusher, filter press.
Dong Yuan	30 June 2007***	Dong Yuan, an ISO certified company, was incorporated in 1985 and is principally involved in the manufacturing, assembly and supply of palm kernel oil machinery and equipment to kernel crushing plants locally and overseas.	Palm kernel oil machineries.
Nee Soon Tat	30 September 2007***	Nee Soon Tat is principally involved in the engineering and construction of plants and machinery. The group is also involved in the manufacturing of machineries related to the palm oil industry.	Palm kernel oil expeller, jatropha oil expeller, and other machineries and equipments.
HSS	31 December 2007***	HSS is principally involved in the manufacturing and trading of industrial and vegetable oil machinery.	Industrial and vegetable oil machinery.

(Source: D&B)

Note:

\* Companies that have common shareholders and directors

\*\* MBL's annual audited financial statements for FYE 31 December 2007 have been used for comparison against its comparable competitors

\*\*\* Being the latest publicly available annual audited financial statements of the respective companies

Based on the total revenue reported by MBL for FYE 31 December 2007 and the latest publicly available audited financial statements of its comparable competitors, MBL is ranked first among its comparable competitors and is estimated to command a market share of approximately 34.6%.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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**5.9 Barriers to Entry****5.9.1 Strong Track Record**

The long period of time required in establishing a strong track record in terms of building up relationship with clients can prove daunting to newcomers. It is mutually beneficial for both customers and suppliers to form long-standing relationships once the quality of services are accepted and recognised. Attributes like quality, price and turnaround time are of paramount importance. In addition, replacement parts needed can be obtained fast as any downtime in the palm kernel crushing plants translate into a hit on the bottom line. For instance, the common replacement parts like bearings and seals must be easily obtainable off-the-shelves. Palm kernel crushing plants are more inclined to use products and services from suppliers which have already established a proven track record in the market. More often than not, the palm kernel oil seed expeller suppliers are viewed as strategic partners by the palm kernel crushing plants.

**5.9.2 Technical Expertise**

Strong technical skills, quality assurance and R&D activities are needed in the manufacturing of palm kernel oil seed expellers so as to produce these products at a competitive price and of a high quality standard. The technical staff must have skills in the area of metallurgy and metal-working in order to manufacture these M&E in a highly specialised industry. The manufacturer must also be able to provide value added services to the customers like the size, pressure rating, materials of construction, and end connections of the palm kernel oil seed expeller, so as to achieve the highest yield and lowest possible downtime in a palm kernel crushing plant. A high palm kernel oil yield is essential to the profitability of a palm kernel crushing plant as a difference of only one (1) percent translates into a discrepancy of millions of ringgit, depending on the level of production of the plant and the price of palm kernel oil in the market.

These technical skills are obtained through years of hands-on working experience, supported by a solid theoretical educational background in the metal engineering domain. In summary, the technical skills are needed in three (3) main areas and they are as follows:

- The core M&E used in manufacturing, including CNC milling machine, CNC lathe machine, auto welding machine and hard facing machine;
- The supporting equipment for quality assurance and testing like clamp meter, digital hardness tester, digimatic indicator, infrared thermometer and infrared tachometer; and
- The software applications for design, simulation and programming like computer-aided designing.

**5.9.3 D&D Proficiency**

R&D is a critical function in the palm kernel oil seed expeller market. Research is the planned approach to acquire or create new knowledge and the output can be used for the needs of the company, so that the company can participate in new technology or to put the foundation for new products or processes; while development is to apply and integrate knowledge from the various fields to achieve a particular objective. At the same time, the company has to be innovative, in terms of the process of making changes to something already established by introducing something new, in terms of the features. This requires people using new knowledge and understanding to experiment with new possibilities in order to implement new concepts that create new values. There are incremental changes or improvements in each successive generations of equipment.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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After the research stage has been conducted, the D&D stage starts. D&D entails planning, concept development, system level design, detail design, testing and refinement and production ramp-up. In essence, it encompasses customer needs, concept generation, product architecture and industrial design. A manufacturing company embarking on these steps can transform customer needs into successful product designs and manufacturing plans. For example, the hardfacing process on the worn screws and collars is conducted through a process of experimentation, learning and know how in the initial stages, until an optimum product is ultimately achieved. This requires years of investment in D&D. The D&D process indicates, in the broadest sense, the overlapping, interacting and iterative nature of all of the aspects of the product realisation process. The method is a continuous process whereby a product's cost, performance and features, value and time-to-market lead to a company's increased profitability and market share. This assists the company to realise the rapid creation of high quality and competitive-priced palm kernel oil seed expellers in the market.

**5.9.4 Steep Learning Curve**

There is an observed tendency for unit costs to decline as a manufacturing company gains more cumulative experience in producing a product. The costs decline because the workers improve their production and operations methods and become more efficient, layout improves, better performance is coaxed from the equipment, specialised equipment and processes are developed, product design changes make manufacturing easier, techniques for control of operations improve, and so on. At the same time, product improvements in the forms of enhancements and modifications need to be carried out. The development of novel and proprietary technologies has enabled certain manufacturers to gain an edge while improvements in manufacturing economies have aided others.

A new entrant into the industry would need to obtain a pool of experienced workers with between 9 months and 18 months of experience, in order to operate the factory, in the areas of assembly, installation and commissioning. At the plant level, although modern machines are highly automated, human expertise is still needed for their control. The support functions of tool change, readjustments and maintenance also depend on manual operations. In other words, the technical skills of the technicians are needed in designing, planning, monitoring and control. Normally, these experienced workers could only be found working in the palm kernel crushing plants operating the palm kernel oil seed expellers. Otherwise, no trained workers can be found in the market who are both experienced and qualified enough to operate the various machineries. Hence, a new entrant into the palm kernel oil seed expeller market would have to face a steep learning curve in order to catch up with the established players in the industry.

**5.9.5 High Switching Costs**

In almost all cases, palm kernel crushing plants would prefer to stick with one particular palm kernel oil seed expeller supplier, as purchasing these oil seed expellers from different suppliers would mean that the former would have to keep a plethora of spare component parts in the plant. In return, this would pose a logistical nightmare to the operator of these palm kernel oil seed expellers. This is due to the fact that the component parts making up a palm kernel oil seed expeller differ from one manufacturer to another, as they are semi-customised oil seed expellers. Basically, this is due to the different designs offered by each supplier. In other words, a palm kernel oil crushing plant will have no incentive to switch suppliers as it would entail a high switching cost. The exception occurs when the palm kernel oil crushing plant contemplates changing all its installed palm kernel oil seed expellers to new ones from another supplier. Hence, high switching costs on the part of the palm kernel crushing plants pose a considerable barrier to aspiring entrants into the palm kernel oil seed expeller market.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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**5.9.6 High Technological Capabilities**

Technological capabilities may be subdivided into four (4) possible layers of skills sophistication. These include skills to use and operate technology, skills to assimilate the acquired technology, skills to upgrade and reverse-engineer foreign technologies, and skills to design and develop new technologies. The first two (2) are basic and almost all companies possess them. However, only a few companies are able to upgrade and develop new products. The latter two (2) layers of skills can be built up through learning and accumulation of knowledge over a long period. To be competitive in the palm kernel oil seed expeller market, a company must be able to upgrade and reverse-engineer foreign technologies, as well as to design and develop new technologies, based mainly on its own R&D. This includes in-depth knowledge and core competencies in fluid dynamics, thermodynamics, mechanical engineering and electrical engineering.

The production of palm kernel oil seed expellers may be divided into three (3) major stages that can be performed separately, that are design, manufacture and assembly. The design stage requires extensive and intensive technical knowledge, and investment in R&D to develop new products and processes, while the manufacturing of components requires capital-intensive investment for mass production. The hardfacing process on the worm screws and collars requires special technical skills that are proprietary in nature to a specific company. Essentially, it serves to differentiate a manufacturer of palm kernel oil seed expeller from another in the market. Finally, the assembly of the final products requires lower skills than the other stages of production. However, each of these stages involves significant learning and innovation processes within a particular company.

**5.9.7 Established Distribution Channels**

An aspiring entrant into the palm kernel oil seed expeller market contemplating venturing into the overseas market has to establish effective and efficient distribution channels. This is either in the form of a regional sales office or the appointment of a manufacturers' representative to represent its products overseas. However, the existing players may have ties with the manufacturers' representative based on long-term relationships, high quality service or even an exclusive relationship in which the distribution channel is solely identified with a particular manufacturer. Sometimes, this barrier is so high that to surmount it, a new entrant must create an entirely new distribution channel.

The manufacturers' representative system eliminates the manufacturer's expenses in maintaining sales offices. From commissions, the manufacturers' representative maintains a staff and office operation. It assists to reduce marketing costs on the part of the palm kernel oil seed expeller manufacturer. In addition, it is able to reap the benefits of extra services such as regional sales analysis, credit reporting, product detailing and application engineering. In addition, manufacturers' representatives often provide local warehousing and stocking service, if required, at a far lower cost than a factory warehouse.

Hence, established distribution channels are paramount in marketing the products overseas. As the oil palm-based industry is mainly concentrated in the rural areas in many parts of the world, there is a major challenge posed by poor infrastructure and geographic diversity in marketing efforts. Therefore, to be successful in the overseas markets, much efforts and resources have to be invested in the area of distribution channels.

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**5. INDUSTRY OVERVIEW (Cont'd)**


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**5.9.8 High Capital Requirements**

High capital requirements are needed in the manufacturing of palm kernel oil seed expellers. Major investments are needed in machinery, equipment and manpower. It requires fitting out a new shop floor, and not just an upgrading exercise on existing premises. An aspiring new entrant would need approximately RM15 million in capital investment, including the need for raw materials, inventories and working capital. A serious player has to hold adequate inventory to ensure sufficient raw materials for manufacturing for customers as and when needed. This includes electric motors, gearboxes, machine housings, worm screws, collars, mild steel plates and machined main shafts. The operators of the business must know how to purchase the different component parts in order to fabricate a perfect match of palm kernel oil seed expellers according to the customers' requirements. In addition, there must be the technical expertise available to operate, maintain and modify these palm kernel oil seed expellers when the need arises.

**5.10 Dependency on Imports of Major Raw Materials and Intermediate Parts**

The major raw materials and intermediate parts needed for the manufacturing of palm kernel oil seed expellers in Malaysia are sourced from the local stockists and sales offices of the overseas manufacturers, which in turn, import them from overseas. In the event whereby the local stockists do not distribute them, they can be purchased direct from overseas. These industrial raw materials and intermediate parts are easily obtainable from the suppliers, as they are widely available.

The gearbox and the motor are primary components in a palm kernel oil seed expeller. Major palm kernel oil seed expeller manufacturers in Malaysia purchase their gearboxes primarily from SM Cyclo (Malaysia) Sdn Bhd (*wholly-owned subsidiary of Sumitomo (SHI) Cyclo Drive Asia Pacific Pte Ltd*), Flender Power Transmission Limited (*part of the Siemens Automation and Drives Group*), and Gleason Engineering Services Sdn. Bhd, a local manufacturer.

The motors are mostly imported from international motor manufacturers such as Nissei Corporation, Siemens Energy and Automation Inc., and TPG Motors and Drives (Taiwan) Co., Ltd., or purchased from Teco Industry (M) Sdn. Bhd., a Taiwanese owned local based motor manufacturer.

**5.11 Demand and Supply Conditions**

The demand for palm kernel oil seed expellers is basically a function of the market for palm kernel oil. The demand for palm kernel oil seed expellers is expected to increase in tandem with an upsurge in demand for palm kernel oil as global palm kernel oil producers expand their production capacity. Palm kernel oil, which comprises a wide range of fatty acids, can be used to derive a broad spectrum of oleochemicals. By applying the appropriate chemical processes, oleochemicals can be used in a multitude of applications to create many consumer and industrial products such as adhesives, coatings and inks, food ingredients, lubricants and greases, soaps and detergents, personal care, nutritional supplements, etc. Future demand for palm kernel oil globally is seen to be sustainable, driven by the diverse oleochemical applications as well as new application discoveries in both the non-food and food application markets, the growth in global population which increases the consumption of palm kernel oil and the global drive for companies and products to be more environmentally friendly through the adoption of renewable resources. Major producers of palm kernel oil are Indonesia, Malaysia, Nigeria, Thailand, Colombia and PNG.

Generally, the major raw materials and intermediate parts used in the manufacture of palm kernel oil seed expellers are steel related purchases, gearboxes and motors. As the raw materials and intermediate parts needed for assembly of palm kernel oil seed expellers are widely available, the supply of palm kernel oil seed expellers is manufacturing capacity dependent rather than resource dependent. The supply of palm kernel oil seed expellers is available worldwide with most major manufacturers of palm kernel oil seed expellers located in Malaysia, China, India and Taiwan. In Malaysia, there are six (6) major palm kernel oil expeller manufacturers that supply to palm plantation owners and palm oil millers globally. These manufacturers also supply other palm oil related machinery and other types of oil seed expellers.

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**5. INDUSTRY OVERVIEW (Cont'd)**

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**5.12 Prospects and Outlook of the Palm Kernel Oil Seed Expeller Market**

The outlook of the palm kernel oil seed expeller market is expected to remain upbeat on top of the increasing global oil-palm plantation activities. Global production of palm kernel oil seed is anticipated to rise in tandem with the increasing trend of global palm oil production. Indonesia is currently the largest producer of palm kernel oil representing approximately 46% followed by Malaysia with approximately 44% of global palm kernel oil production. In countries such as Nigeria, the current national annual demand for palm oil is in excess of one million metric tonnes, which is above Nigeria's domestic production. The supply gap and high demand of palm oil and its related products make investments in the oil palm industry a safe and profitable venture. Hence, any increase in oil palm cultivation and palm oil production will directly stimulate further growth in the palm kernel oil seed expellers market.

Government initiatives of the various major palm kernel oil producing countries to promote the palm oil industry is expected to foster the production of palm kernel oil. The diverse application of palm kernel oil in many consumer and industrial products has enhanced its intrinsic value and the demand for these products to cater to rising population can be considered a catalyst for growth in the demand for palm kernel oil. The production of palm kernel oil is crucial to the supply of oleochemicals which are usually derived from palm kernel oil and copra oil. The said oleochemicals are used for many consumer products such as soaps, detergents, lubricants which are regarded as necessities. Demand for essential products such as this by consumers worldwide will continue to have a positive effect on the demand for palm kernel oil seed expellers and its related parts. Additionally, new opportunities for growth arise as palm kernel oil expands its adoption beyond its current application markets.

As such, the sustainability of the palm kernel oil seed expeller market is driven by the demand for palm kernel oil seed expellers which is expected to increase in tandem with the anticipated rise in global production of palm kernel oil.

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**6. FUTURE PLANS AND PROSPECTS**

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**6.1 Future Plans and Business Strategy**

We have a vision to be not only a leading manufacturer of oil seed expellers but also a provider of designs, supplies, installations and testing and commissioning service for plantation and oil mill investors within the industry. We intend to expand our existing operations and activities through further diversification and market expansion of our products, services and production facilities to tap the demand growth and potential of the industry.

In order to achieve our vision and maintain our competitive strength in the industry, we intend to adopt the following strategies as part of our future plans:

**6.1.1 Further Penetrate into Indonesia, Nigeria and PNG**

We believe that a strong market presence is essential for the continual success of our business. Therefore, one of our primary future plans is to be more focused on penetrating further into our existing top markets and in the process, expand our recognisable brand name there. A total of RM1.5 million is budgeted from our IPO proceeds to increase our market presence in our top export countries, namely Indonesia, Nigeria and PNG. We expect the investments to comprise spending on capital expenditure, office set up and renting costs and operating expenses which would include staff cost, general office running costs and overseas travelling expenses.

As at 31 December 2008, Indonesia accounted for, in total revenue terms, approximately 19.38% of our new customer sales and approximately 22.61% of our existing customer sales.

We have more than 65 active customers to date in Indonesia and we expect this number to continue to grow in the foreseeable future. Therefore, within two (2) years from our listing, we plan to open four (4) service offices in various provinces, such as West Kalimantan, Central Kalimantan, Jakarta and Riau, where our major customers are located to build on existing business and presence as well as develop new business opportunities through referrals. We will set up a stock warehouse for consumables and replacement parts to increase our service levels and response time to our customers. In 2011, we plan to open another two (2) service offices utilising internally generated funds.

As at 31 December 2008, PNG accounted for, in total revenue terms, approximately 14.38% of our new customer sales and approximately 1.69% of our existing customer sales. We plan to set up one (1) service office in Port Moresby within two (2) years from our listing to cater to our top customers and develop new business opportunities. We have two (2) active customers to date in PNG and we expect this number to continue to grow in the future.

As at 31 December 2008, Nigeria accounted for, in total revenue terms, approximately 2.94% of our new customer sales and approximately 1.30% of our existing customer sales. We plan to set up one (1) service office in Aba, Nigeria within two (2) years from our listing to cater to our top customers and develop new business opportunities in the African continent. We have three (3) active customers to date in Nigeria and we expect this number to continue to grow in the future.

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**6. FUTURE PLANS AND PROSPECTS (Cont'd)****6.1.2 Expansion in markets in Central and South America**

To further strengthen our international market presence, we are planning to expand into the Central and South American regions, namely Ecuador, Costa Rica, Honduras and Brazil. Based on our knowledge, the aforementioned countries are increasing their palm oil plantation activities thus creating vast opportunities for our Group.

In addition, due to the vast agricultural development potentials in the aforementioned countries to cater to the demands of the North American market and the need for a sustainable oil source of bio-fuel as well as petrochemical substitutes, we believe there are potentials for our products and services in the new markets.

Initially, we will be sending our sales and marketing teams to survey the market and look for new potential customers. We will also appoint agents to help market our product to the local planters and millers. Following positive market response, we may setup sales office in the aforementioned regions.

**6.1.3 Production Capacity Expansion**

In view of an expected increase in oil seed expeller orders and demand for our plant setup sales and services, we have budgeted RM3.0 million for the purchase of new precision machining machines by 2011. An increase in our production capacity will increase our economies of scale and our competitiveness in the marketplace. The planned machinery purchases include CNC milling and lathe machines, a CNC double column machining centre and automated welding machines. Upon full implementation, our overall production capacity is expected to increase by approximately 19%.

**Planned Purchase of New Machineries by 2011**

<b>Machinery</b>	<b>Year of Purchase</b>	<b>Units</b>	<b>Estimated Cost (RM)</b>
CNC Double Column Machining Centre	2009	1	900,000
CNC Lathe	2010	1	500,000
CNC Milling	2010	1	350,000
CNC Lathe	2011	1	500,000
CNC Milling	2011	1	350,000
Automated Welding Machine	2011	2	400,000
<b>Total</b>		<b>7</b>	<b>3,000,000</b>

Our production capacity (by units of oil seed expeller) will increase by approximately 80 units per year as a result of acquiring the above machineries.

**6.1.4 Continuous product development**

The continuing sustainability and long term success of our Group lie in our ability to regularly improve on the performance, durability and efficiency of our oil seed expellers as well as develop new innovative products. From FYE 31 December 2006 to FYE 31 December 2008, we have spent over RM1 million on R&D.

Our past R&D efforts have resulted in:-

- more durable machinery and an approximate twenty percent longer lifespan for our spare parts;
- more efficient palm kernel oil seed expellers using screw press processing technology;
- our EK2, the new generation of our palm kernel oil seed expeller; and

## 6. FUTURE PLANS AND PROSPECTS (Cont'd)

- the development of our jatropha oil seed expeller to venture into the jatropha oil market.

We are budgeting RM500,000 from our IPO proceeds to invest in our current R&D activities within a year from our listing to improve the performances of our oil seed expellers and increase the number of our engineering and technical personnel. We believe that our commitment to R&D is vital to stay ahead of our competitors.




### 6.1.5 Diversification of product range

In 2009, our product range expanded to include FFB treatment machinery and our jatropha oil seed expellers.

#### EFB Treatment Machinery

On 30 December 2008, we were licensed by Sztech to manufacture its FFB treatment machinery under the MBL brand name. The said machinery is used to press FFB to extract residue oil and reduce its moisture content as well as to shred the FFB into smaller size. As at 30 June 2009, we have managed to secure orders amounting to approximately RM840,000.

The manufacturing of the above products will help us venture into the palm oil waste management business which will further diversify our future income stream.

		
<p><b><u>Single Barrel Fibre Press</u></b> <b><u>Single Barrel EFB Press</u></b>  (Pat. No MY 133270-A)</p>	<p><b><u>EFB Fiberiser</u></b>  (Pat. No MY 131247-A)</p>	<p><b><u>EFB Break Cutter cum Oil Extractor</u></b> <b><u>Size Reduction Break Cutter</u></b> (Pat. No MY 135380-A)</p>

EFB is the residue left after the fruit bunches are pressed at oil mills, and the oil extracted. Processed EFB fibre can be used:

- as biomass fuel for steam generation;
- as biomass fuel for power generation plants;
- as base material for composting plants;
- to replace coconut coir in the mattress industry;
- for medium-density fibreboard and in particle board plants;
- to replace plywood in the furniture industry;
- for pulp and paper production;
- for pallet production;
- as a plastic composite component;
- in food ware products; and
- for composting of EFB for fertiliser manufacturing.

#### Jatropha Oil Seed Expeller

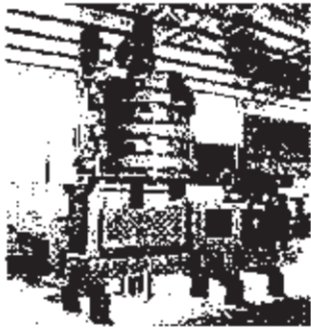
Jatropha promises to be a crop with vast future market potential in the sustainable energy industry. Due to its non-edible and high oil content characteristics, jatropha is a prime sustainable source for bio-diesel. Jatropha oil has been successfully tested when mixed with jet fuel and used in airplanes in France and New Zealand. Jatropha meal can be used in producing high quality fertiliser.

## 6. FUTURE PLANS AND PROSPECTS (Cont'd)

Worldwide, there are about 242 projects covering slightly one (1) million hectares with about 80% of the land cultivated lying in Asia, principally in India and to a lesser extent, China. Over the next 2 years, approximately 1.5 to 2 million hectares of jatropha is expected to be planted each year and will result in a total of approximately 4.7 million hectares by 2010.

(Source: D&B)

As a result, we have commenced R&D of our jatropha oil seed expeller in 2006 and in 2008, we have successfully developed our own jatropha oil seed expeller for the jatropha crushing industry. Our subsidiary, MBLT, had on 3 November 2008 signed a Memorandum of Understanding with a local company to build jatropha seed crushing plants between 2009 and 2010.

Model	Capacity	Performance Guarantee
MBL-10-11	10 metric tonnes of uncrushed jatropha seed throughput per 24 hours.	8.0%/9.0% of oil content remain in cake after the pressing stage.
		

After our listing, we will further expand our manufacturing and sales of our jatropha oil seed expellers by sourcing new customers from visiting jatropha plantations globally to identify potential customers. We will actively participate in many local and overseas exhibitions to promote our jatropha oil seed expellers as well as provide presentations in international jatropha conferences, congress, seminars and forums regarding jatropha oil extraction technology.

We will continuously carry out R&D to help improve the performance of our jatropha oil seed expellers. We will work closely with jatropha consultants to capture new potential customers in setting up jatropha oil seed crushing plants. Our target markets are Malaysia, Indonesia, India, China, Myanmar, Thailand, Vietnam and Cambodia, among others.

We expect our jatropha oil seed expellers to positively contribute to our Group's revenue within the next three (3) years.

### 6.1.6 Collaboration with University and Research Institution to Conduct R&D Activities

To further strengthen our R&D division, we plan to collaborate with local universities and research institutions to conduct research to further improve our current products and develop new innovative machineries.

The purpose of collaborating with them is to:

- Improve our existing products
  - o increase capacity and at the same time maintain lower oil loss,
  - o save energy, and
  - o increase life span of spare parts.

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## 6. FUTURE PLANS AND PROSPECTS *(Cont'd)*

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- To complete our future R&D activities
  - saving our time taken to implement our R&D activities,
  - allow us to concentrate on marketing activities and strategies, and
  - strengthen our Group and products image.

By achieving the above, we believe we can grow our Group into one of the world's leading oil seed expeller manufacturer.

### 6.2 Prospects

We recognise that the short-to-medium term challenges posed by the current global economic slowdown as outlined in Section 5.1 of this Prospectus may pose a challenge to all companies operating in a global environment. Nonetheless, as outlined in the Executive Summary of the IMR Report, D&B Malaysia have noted that global production of palm oil and palm kernel oil has increased steadily over the past three (3) years in line with government initiatives and population growth. Indonesia in particular, which is currently the largest contributor to the global production of palm oil, has increased its total planted oil palm area from 6.77 million hectares in 2007 to 7.01 million hectares in 2008. According to the MPOB, the global production of palm kernel oil has also been on the increasing trend, reflecting the growth in global palm oil production. Any increase in oil palm cultivation and palm oil production will directly stimulate further growth in the palm kernel oil expeller market.

In addition to the above, oleochemicals derived from vegetable oils and fats such as palm kernel oil have very diverse applications in a wide variety of food products and non-food products such as food ingredients, soaps and detergents, surfactants and textiles. We believe that the demand for such products is closely linked to general population growth and per capita income which will continue to increase steadily in the long run.

Based on the above, we believe that the demand for our oil seed expellers is expected to show promising potentials as we are equipped with an experienced management team with the technical know-how that will enable us to capitalise on our established brand name and to diversify and expand the market of our products and services worldwide. We expect to benefit from the positive growth and favourable prospects in the long term and are confident that the Group will be able to leverage upon its strengths in order to implement our strategies and future plans as outlined in Section 6.1 of this Prospectus.

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## 7. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT

### 7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 7.1.1 Particulars and shareholdings

Based on the LPD, our Promoters and substantial shareholders direct and indirect interests in our Shares (with 5% or more shareholdings) before and after our IPO are as follows:-

Name	Nationality/ Place of incorporation	←-----Before IPO-----→				←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
		No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%
<b>Promoters &amp; Substantial shareholders</b>									
MBL Realty	Malaysia	53,222,080	74.96	-	-	46,940,080	51.02	-	-
Chua Ah Ba @ Chua Eng Ka	Malaysian	-	-	53,222,080	74.96 <sup>(1)</sup>	150,000*	0.16	46,940,080	51.02 <sup>(1)</sup>
								450,000	0.49 <sup>(2)</sup>
Chua En Hom	Malaysian	-	-	53,222,080	74.96 <sup>(1)</sup>	150,000*	0.16	46,940,080	51.02 <sup>(1)</sup>
								450,000	0.49 <sup>(3)</sup>
								90,000	0.10 <sup>(4)</sup>
Chua Eng Hui	Malaysian	-	-	53,222,080	74.96 <sup>(1)</sup>	150,000*	0.16	46,940,080	51.02 <sup>(1)</sup>
								450,000	0.49 <sup>(3)</sup>
Chua Heok Wee	Malaysian	-	-	53,222,080	74.96 <sup>(1)</sup>	150,000*	0.16	46,940,080	51.02 <sup>(1)</sup>
								450,000	0.49 <sup>(5)</sup>
Dato' Seri Tan King Tai @ Tan Klion Hai	Malaysian	6,080,000	8.56	-	-	5,512,000 <sup>d</sup>	5.99	-	-
<b>Substantial shareholders</b>									
IJSB	Malaysia	8,080,320	11.38	-	-	8,080,320	8.78	-	-

**Notes:**

- \* Assuming that the Pink Form Shares allocated are fully subscribed by the shareholders of MBL Realty, who are the directors of MBL.
- <sup>a</sup> Assuming that the Pink Form Shares allocated are fully subscribed by him.
- (1) Deemed interested by virtue of his interest in MBL Realty pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his siblings and son's direct interest in MBL.
- (3) Deemed interested by virtue of his sibling and nephew's direct interest in MBL.
- (4) Deemed interested by virtue of his son's direct interest in MBL.
- (5) Deemed interested by virtue of his father's and uncle's direct interest in MBL.

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## 7. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 7.1.2 Profile of Promoters and Substantial Shareholders

#### MBL Realty

MBL Realty was incorporated in Malaysia on 30 January 2007 as a private limited company under the Act. The present authorised share capital of MBL Realty is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Its principal activity is investment holding.

The directors and substantial shareholders of MBL Realty and their respective shareholdings therein as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares held	%	No. of ordinary shares held	%
Chua Ah Ba @ Chua Eng Ka	40,000	40.0	60,000	60.0 <sup>(1)</sup>
Chua En Hom	20,000	20.0	80,000	80.0 <sup>(2)</sup>
Chua Eng Hui	20,000	20.0	80,000	80.0 <sup>(2)</sup>
Chua Heok Wee	20,000	20.0	80,000	80.0 <sup>(3)</sup>

*Notes:*

- (1) Deemed interested by virtue of the shareholdings of his siblings and child.
- (2) Deemed interested by virtue of the shareholdings of his siblings and nephew.
- (3) Deemed interested by virtue of the shareholdings of his father and uncles.

Please refer to the profile of each director of MBL Realty under Section 7.2.2.

**Dato' Seri Tan King Tai @ Tan Khoon Hai**, aged 53, a Malaysian, is the Executive Director/ Finance Director of our Group and was appointed to our Board on 30 June 2009. He is a member of the Institute of Certified Public Accountants, Ireland and has over 28 years of working experience in the fields of auditing, accounting and corporate finance. He is primarily responsible for the Finance department of MBL. He was the Executive Director of Pensonic Holding Berhad from 13 September 1995 to 13 December 2003 and was subsequently re-designated as a Non-Executive Director. He was appointed as an Executive Director of UJS Capital Berhad and Non-Executive Director of Unimech Group Berhad, both of which are listed on Bursa Securities. He also sits on the board of several other private limited companies.

#### IJSB

IJSB was incorporated in Malaysia on 16 October 1993 as a private limited company under the Act.

The authorised share capital of IJSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 25,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of IJSB is investment holding.

## 7. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

The directors and substantial shareholders of IJSB and their respective shareholdings therein as at LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares held	%	No. of ordinary shares held	%
Shafee Bin Osman	5,000	20.0	-	-
Nyak Zahari Bin Nyak Ibrahim	20,000	80.0	-	-

### 7.1.3 Persons Exercising Control over the Corporation

Save for MBI. Realty, its directors and substantial shareholders and Dato' Seri Tan King Tai @ Tan Khoo Hai as set out in Section 7.1.2 above, MBI. is not aware of any other person who, directly or indirectly, jointly or severally, exercises control over the corporation.

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## 7. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 7.1.4 Directorships and substantial shareholdings of Promoters in all other corporations in Malaysia for the past five (5) years

None of the Promoters hold other principal directorships and substantial shareholdings outside of the Group at present and in the last five (5) years up to the LPD save for the following:-

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b>Dato' Seri Tan King Tai @ Tan Khoo Hai</b>							
Tan Commercial Management Services Sdn Bhd	Executive Chairman	28 May 1982/-	Provision of secretarial, accounting and management services	94,000	94	3,000	3*
Pensonic Holdings Berhad	Non-Executive Director	13 December 2003/-	Manufacturing, assembling and retailing of electronic products and electrical home appliances.	2,444,618	2.63	-	-
Unimech Group Berhad	Non-Executive Director	6 March 2000/-	Manufacturing of valves, pipe fittings, rubber expansion bellows and pressure gauge instruments	398,894	0.32	-	-
UDS Capital Berhad	Executive Director	30 November 2003/-	Manufacturer of furniture	4,640,120	3.67	1,218,500	0.96*
Pensia Industries Sdn. Bhd.	Director	3 April 1990/-	Assembly and trading of electrical and electronic products	-	-	-	-
Pensonic Corporation Sdn. Bhd.	Director	22 November 1991/-	Assembler and a dealer in all kinds of electrical products	-	-	-	-
Sungai Burung Plantations (Sabah) Sdn. Bhd.	Director	2 January 2008/ (27 July 2009)	Property and Investment Owner	-	-	-	-
Tan Khoo Hai Realty Sdn. Bhd.	Director	7 February 2007/-	Dormant	1	50	-	-

## 7. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
UD Trading Sdn. Bhd.	Director	(2 March 2009)	Trading of Plywood	-	-	-	-
Sin Wee Seng Industries Sdn. Bhd.	Director	30 November 2003/-	Manufacture of sofas	-	-	-	-
Saribina Holdings Sdn. Bhd.	Director	18 June 2007/-	Property & Investment Owner	46,000	23	-	-

*Note: \* Deemed interested by virtue of the shareholdings of his spouse*

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## 7. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/ KEY MANAGEMENT (Cont'd)

## 7.1.5 Changes in the shareholdings of our substantial shareholders for the past three (3) years

Save as disclosed below, there has been no change in our substantial shareholders' shareholdings since our Company's incorporation up to the LPD as follows:-

Name	Nationality/ Place of incorporation	Before Acquisitions				After Acquisitions				After Corporatisation						
		Direct		Indirect		Direct		Indirect		Direct		Indirect				
		No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%	No. of MBL Shares	%			
Phuah Lih Ping	Malaysian	2*	-	-	-	2*	#	-	-	-	-	-	-	-	-	
Tang Jui Liang	Malaysian	2*	-	-	-	2*	#	-	-	-	-	-	-	-	-	
MBL Realty	Malaysia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Chua Ah Ba @ Chua Eng Ka	Malaysian	-	-	-	-	21,288,828^	29.98	31,933,248	44.98 <sup>(1)</sup>	-	-	-	53,222,080	74.96	53,222,080	74.96 <sup>(4)</sup>
Chua En Hoon	Malaysian	-	-	-	-	10,644,416^	14.99	42,577,660	59.97 <sup>(2)</sup>	-	-	-	53,222,080	74.96 <sup>(4)</sup>	53,222,080	74.96 <sup>(4)</sup>
Chua Eng Hui	Malaysian	-	-	-	-	10,644,416^	14.99	42,577,660	59.97 <sup>(2)</sup>	-	-	-	53,222,080	74.96 <sup>(4)</sup>	53,222,080	74.96 <sup>(4)</sup>
Chua Hock Wee	Malaysian	-	-	-	-	10,644,416^	14.99	42,577,660	59.97 <sup>(3)</sup>	-	-	-	53,222,080	74.96 <sup>(4)</sup>	53,222,080	74.96 <sup>(4)</sup>
Dato' Sri Tan King Lai @ Tan Khoo Hai	Malaysian	-	-	-	-	6,080,000	8.56	-	-	-	-	6,080,000	8.56	-	-	-
OCSB	Malaysia	-	-	-	-	3,617,600	5.10	-	-	-	-	3,617,600	5.10	-	-	-
IJSB	Malaysia	-	-	-	-	8,080,320	11.38	-	-	-	-	8,080,319	11.38	-	-	-

## Notes:

# Negligible.

\* The subscribers' shares were transferred in MBL Realty in conjunction with the Corporatisation.

^ For illustration purpose only as all the Consideration Shares which have been issued to them pursuant to the Acquisitions have been allotted to MBL Realty directly in conjunction with the Corporatisation.

(1) Deemed interested by virtue of the shareholdings of his siblings and child.

(2) Deemed interested by virtue of the shareholdings of his siblings and nephew.

(3) Deemed interested by virtue of the shareholdings of his father and uncles.

(4) Deemed interested by virtue of his interest in MBL Realty pursuant to Section 6A of the Act.

## 7. INFORMATION ON PROMOTER/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/ KEY MANAGEMENT (Cont'd)

## 7.2 DIRECTORS

## 7.2.1 Particulars and shareholdings

Name	Designation	No. of MBL Shares Before IPO			No. of MBL Shares After IPO*			
		Direct	%	Indirect	Direct	%	Indirect	
Chua Ah Ba @ Chua Eng Ka	Executive Chairman	-	-	53,222,080	150,000*	0.16	46,940,080 450,000	51.02 <sup>(1)</sup> 0.49 <sup>(2)</sup>
Chua En Hom	Deputy Executive Chairman	-	-	53,222,080	150,000*	0.16	46,940,080 450,000	51.02 <sup>(1)</sup> 0.49 <sup>(1)</sup>
Chua Eng Hui	Executive Director	-	-	53,222,080	150,000*	0.16	90,000 46,940,080	0.10 <sup>(4)</sup> 51.02 <sup>(1)</sup>
Chua Heok Wee	Managing Director	-	-	53,222,080	150,000*	0.16	450,000 46,940,080	0.49 <sup>(3)</sup> 51.02 <sup>(1)</sup>
Dato' Seri Tan King Tai @ Tan Khoo Hai	Executive Director/ Finance Director	6,080,000	6.61	-	5,512,000*	5.99	-	-
Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director	-	-	-	150,000*	0.16	-	-
Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director	-	-	-	150,000*	0.16	-	-
Teh Eng Aun	Independent Non-Executive Director	-	-	-	150,000*	0.16	-	-

## Notes:

- \* Assuming that the Pink Form Shares allocated are fully subscribed by the respective Directors.
- (1) Deemed interested by virtue of his interest in MBL Realty pursuant to Section 6A of the Act.
- (2) Deemed interested through his siblings and son's direct interest in MBL.
- (3) Deemed interested by virtue of his sibling and nephew's direct interest in MBL.
- (4) Deemed interested by virtue of his son's direct interest in MBL.
- (5) Deemed interested by virtue of his father's and uncles direct interest in MBL.

**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)****7.2.2 Profiles of Directors**

**Chua Ah Ba @ Chua Eng Ka**, aged 62, a Malaysian, is the Executive Chairman of our Group and was appointed to our Board on 30 June 2009. He is the founder of our Group and has accumulated more than 37 years experience and expertise in the design and manufacture of oil seed expellers, ancillary machinery and spare parts. His vision and stewardship over the past years has taken our Group from a small scale manufacturer to our current position as one of the top manufacturers of oil seed expellers in Malaysia. He currently works together with Mr. Chua Heok Wee in the overall business operation and strategic planning.

**Chua En Hom**, aged 54, a Malaysian, is the Deputy Executive Chairman of our Group and was appointed to our Board on 30 June 2009. He has over 30 years experience in metal engineering industry and is involved in the daily operations of our factories. He is responsible for the overall production activities in MBI.I and MBI.T.

**Chua Eng Hui**, aged 52, a Malaysian, is the Executive Director of our Group and was appointed to our Board on 30 June 2009. He has accumulated more than 36 years of experience in the engineering industry and is currently responsible for engineering and technical operations of our Group as well as overseeing our R&D activities.

**Chua Heok Wee**, aged 35, a Malaysian, is the Managing Director of our Group and was appointed to our Board on 30 June 2009. He joined as a foreman and assisted his father, Mr. Chua Ah Ba @ Chua Eng Ka in 1995 and was subsequently promoted to Project Manager in 1997. With more than 16 years experience in the design and manufacture of oil seed expellers, ancillary machinery and spare parts, he has steered MBLE from a small scale manufacturer to be one of the major manufacturers of oil seed expellers in Malaysia. He is responsible for the overall business planning, marketing, product development and brand building of our Group. He has participated in many international metal product trade fairs and exhibitions held overseas and locally.

**Dato' Seri Tan King Tai @ Tan Khoon Hal**, please refer to his profile under Section 7.1.2.

**Khairilnauar bin Tun Abdul Rahman**, aged 43, a Malaysian, was appointed as the Independent Non-Executive Director of our Group on 30 June 2009. He graduated from Institute of Technology Mara in 1988 and was an entrepreneur from 1989 to 1993 dealing with electric cables and ballast. As business grew, he incorporated a private limited company and became its Executive Director in 1993. Encik Khairilnauar has been a committee member of UMNO Youth in the Kepala Batas Division since 2001. He is an Independent Non-Executive Director and an Audit Committee member of Pensonic Holdings Berhad since 2002. He also sits on the board of a few private limited companies. He has no family relationship with any other Director or major shareholder of our Group.

**Hj Ismail Bin Tunggak @ Hj Ahmad**, aged 58, a Malaysian, was appointed as the Independent Non-Executive Director of our Group on 30 June 2009. He was the Head of POS Malaysia & Services Holdings Berhad, Bukit Pasir from 1976 to 1983 and Sungai Mati from 1983 to 1987. He was the Penghulu of Mukim Sri Menanti from 1987 to 1997 and of Mukim Tangkak from 1997 to 2000 before holding the post of Penghulu of Mukim Parit Bakar from 2000. He is an Independent Non-Executive Director and an Audit Committee member of UDS Capital Berhad since 2004. He is also a committee member of the Anti Drug Agency. He has no family relationship with any other Director or major shareholder of our Group.

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**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

**Teh Eng Aun**, aged 57, a Malaysian, was appointed as the Independent Non-Executive Director of our Group and Chairman of Audit Committee on 30 June 2009. He obtained his Bachelor of Commerce from the University of Newcastle, New South Wales, Australia in 1975 and practiced as a Chartered Accountant in a public accounting firm between 1981 and 1995. In 1996, he joined UT Securitics Sdn Bhd (now known as Inter-Pacific Securities Sdn Bhd) as a Remisier. He has over 20 years of experience in corporate consultancy, financial management and auditing. He is an Independent Non-Executive Director of Ire-tex Corporation Berhad and also sits on the board of directors of a few private limited companies. He has been appointed as the Chairman of MBL's Audit Committee.

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## 7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

## 7.2.3 Directorships and substantial shareholdings of Directors in all other corporations in Malaysia for the past five (5) years

Save for the information set out in Section 7.1.4 above and the following directors, none of the Directors hold other principal directorships outside the Group at present and in the last five (5) years up to the LPD.

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b>Chua Ah Ba @ Chua Eng Ka</b>							
Eka Karya Sdn. Bhd.	Director	20 October 1990/ (4 January 2007)	Struck off	1,600	58	1,200	42 <sup>(1)</sup>
Eka Karya Resources Sdn. Bhd.	Director	13 November 2001/ (21 January 2007)	Struck off	1	25	3	75 <sup>(2)</sup>
MBL Projects Sdn. Bhd.	Director	28 February 2006/ (5 October 2006)	Dormant	-	-	2	100 <sup>(2)</sup>
MBL Realty	Director	26 January 2007	Investment holding	40,000	40	60,000	60 <sup>(2)</sup>
<b>Chua En Hom</b>							
Eka Karya Sdn. Bhd.	Director	20 October 1990/ (4 January 2007)	Struck off	600	21	2,200	79 <sup>(1)</sup>
Eka Karya Resources Sdn. Bhd.	Director	13 November 2001/ (21 January 2007)	Struck off	1	25	3	75 <sup>(4)</sup>
MBL Projects Sdn. Bhd.	Director	28 February 2006/ (5 October 2006)	Dormant	-	-	2	100 <sup>(4)</sup>
MBL Realty	Director	26 January 2007	Investment holding	20,000	20	80,000	80 <sup>(4)</sup>

## 7. INFORMATION ON PROMOTER/SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b>Chua Eng Hui</b>							
Eka Karya Sdn. Bhd.	Director	20 October 1990/ (4 January 2007)	Struck off	600	21	2,200	79 <sup>(1)</sup>
Eka Karya Resources Sdn. Bhd.	Director	13 November 2001/ (21 January 2007)	Struck off	1	25	3	75 <sup>(4)</sup>
MBL Projects Sdn. Bhd.	Director	28 February 2006/ (5 October 2006)	Dormant	1	50	1	50 <sup>(7)</sup>
MBL Realty	Director	26 January 2007	Investment holding	20,000	20	80,000	80 <sup>(8)</sup>
<b>Chua Heok Wee</b>							
Eka Karya Sdn. Bhd.	Director	20 October 1990/ (4 January 2007)	Struck off	-	-	2800	100 <sup>(5)</sup>
Eka Karya Resources Sdn. Bhd.	Director	13 November 2001/ (21 January 2007)	Struck off	1	25	3	75 <sup>(5)</sup>
MBL Projects Sdn. Bhd.	Director	28 February 2006/ (5 October 2006)	Dormant	1	50	1	50 <sup>(6)</sup>
MBL Realty	Director	26 January 2007	Investment holding	20,000	20	80,000	80 <sup>(3)</sup>



## 7. INFORMATION ON PROMOTER/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/ KEY MANAGEMENT (Cont'd)

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b>Khairilnuar bin Tun Abdul Rahman</b>							
Penrose Holdings Berhad	Independent Non-Executive Director	22 February 2002/-	Manufacturing, assembling and retailing of electronic products and electrical home appliances.	-	-	-	-
UDS Capital Berhad	Independent Non-Executive Director	16 February 2009/-	Manufacturer of furniture	60,000	0.04	-	-
Denko Industrial Corporation Berhad	Independent Non-Executive Director	11 June 2004/ (1 October 2005)	Manufacture and sale of consumer and industrial products	-	-	-	-
The Kulim-Baling Road Transport Co. Sdn. Bhd.	Executive Director	2 May 2008/-	Operation of Omnibuses	-	-	-	-
Teknik Punca Sdn. Bhd.	Director	14 February 2003/-	Dormant Company	1	50	-	-
<b>Hj Ismail Bin Tunggak @ Hj Ahmad</b>							
UDS Capital Berhad	Non Independent Non-Executive Director	30 November 2003/-	Manufacturer of furniture	-	-	-	-

## 7. INFORMATION ON PROMOTER/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/ KEY MANAGEMENT (Cont'd)

Name of Company	Directorship	Date of Appointment/ (Resignation)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<u>Teb Eng Ann</u>							
UTDS Capital Berhad	Independent Non-Executive Director	30 November 2003/(24 June 2009)	Manufacturer of furniture	-	-	-	-
Ire-Tex Corporation Berhad	Independent Non-Executive Director	20 January 2009/-	Manufacture of packaging materials for computers and electronic industries	-	-	-	-
Su Hong Sdn. Bhd.	Director	11 April 1979/-	Trading of General products	10,000	2	-	-
Teh Ban Teong Sdn. Bhd.	Director	30 October 1979/-	Property Owners	52,714	12	-	-

## Notes:

- (1) Deemed interested through his siblings direct interest.
- (2) Deemed interested by virtue of the shareholdings of his sibling(s) and son.
- (3) Deemed interested by virtue of the shareholdings of his son.
- (4) Deemed interested by virtue of the shareholdings of his sibling(s) and nephew.
- (5) Deemed interested by virtue of the shareholdings of his father and uncle(s).
- (6) Deemed interested by virtue of the shareholdings of his uncle.
- (7) Deemed interested by virtue of the shareholdings of his nephew.

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**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

**7.2.4 Directors' remuneration and benefits**

The aggregate remuneration and material benefits paid to our Directors for services rendered in all capacities to us for the FYE 31 December 2008 was approximately RM1.4 million. For the FYE 31 December 2009, the aggregate amount of remuneration and material benefits payable to our Directors for services render to us in the aforesaid capabilities is estimated to be RM1.5 million. The details of the banding of remuneration and material benefits of our Directors are as follows:

Directors	Remuneration Band (RM)	
	FYE 31 December 2008	FYE 31 December 2009
Chua Ah Ba @ Chua Eng Ka	450,000 - 500,000	450,000 - 500,000
Chua En Hom	300,000 - 350,000	300,000 - 350,000
Chua Eng Hui	300,000 - 350,000	300,000 - 350,000
Chua Heok Wee	300,000 - 350,000	300,000 - 350,000
Dato' Seri Tan King Tai @ Tan Khoo Hai	0 - 50,000	50,000 - 100,000
Khairilnuar bin Tun Abdul Rahman	Not applicable	0 - 50,000
Hj Ismail Bin Tunggak @ Hj Ahmad	Not applicable	0 - 50,000
Teh Eng Aun	Not applicable	0 - 50,000

Save as disclosed above, there is no contingent or deferred compensation payable to any Director.

**7.2.5 Benefits paid or intended to be paid or given to promoters, directors or substantial shareholders**

Save as disclosed in Section 7.2.4, no amounts or benefits were paid to any the Promoters, Directors or substantial shareholders within the last two years preceding the date of this Prospectus.

**7.2.6 Directors' Tenure of Office**

Our Directors have just been appointed to serve in office. The Board comprise 5 Executive Directors and 3 Independent Non-Executive Directors and their respective terms of office are as follows:-

Directors	Designation	Expiration of term of office	No. of years served in office
Chua Ah Ba @ Chua Eng Ka	Executive Chairman	*	<1
Chua En Hom	Deputy Executive Chairman	*	<1
Chua Eng Hui	Executive Director	*	<1
Chua Heok Wee	Managing Director	*	<1
Dato' Seri Tan King Tai @ Tan Khoo Hai	Executive Director/ Finance Director	*	<1
Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director	*	<1
Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director	*	<1
Teh Eng Aun	Independent Non-Executive Director	*	<1

## 7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

*Note:-*

- *Subject to Article 97 of the Articles of Association of the Company, all our Directors will retire from office at the forthcoming first annual general meeting.*

### 7.3 AUDIT, REMUNERATION AND NOMINATION COMMITTEES

- (a) The members of our Audit Committee are as follows:

Designation	Directors	Directorship
Chairman	Teh Eng Ann	Independent Non-Executive Director
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Audit Committee is responsible for recommending to our Board regarding selection of external auditors, reviewing the results and scope of audit and other services provided by our Group's external auditors as well as reviewing and evaluating our Group's internal audit and control functions. Our Audit Committee is also responsible in financial risk assessment and matters relating to related party transactions and conflicts of interests. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

- (b) The members of our Remuneration Committee are as follows:

Designation	Directors	Directorship
Chairman	Chua Ah Ba @ Chua Eng Ka	Executive Chairman
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Remuneration Committee is responsible for recommending to our Board the remuneration framework for our Executive Directors and assists our Board in ensuring that the remuneration of the Executive Directors reflects the performance, responsibility, experience and commitment of the Executive Directors concerned. The Executive Directors on the Committee abstains from deliberations in respect of his own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for our Board to decide as a whole.

- (c) The members of our Nomination Committee are as follows:

Designation	Directors	Directorship
Chairman	Chua Heok Wee	Managing Director
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Nomination Committee recommends to our Board suitable candidates for appointment as Directors to our Board as well as appointment of Directors to committees of our Board. It also reviews our Board's structure, size and composition and recommends to our Board the required mix of skills and experience our Board requires in order to function efficiently.

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## 7. INFORMATION ON PROMOTER/SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 7.4 KEY MANAGEMENT OF THE MBL GROUP

#### 7.4.1 Particulars and shareholdings

Saved for the particulars and shareholdings of Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Fing Hui, Chua Heok Wee and Dato' Seri Tan King Tai @ Tan Khooon Hai which are set out in Sections 7.1.1, 7.1.2 and 7.2.2 of this Prospectus, the details of our key management's direct and indirect interests in our Shares before and after our IPO are as follows:-

Name	No. of MBL Shares Before IPO			No. of MBL Shares After IPO		
	Direct	%	Indirect	Direct <sup>^</sup>	%	Indirect
Teo Chee Lian@ Teo Chec Liang	-	-	-	50,000	0.05	-
Ng Chong Ming	-	-	-	104,000	0.11	-
Teo Teck Wei	-	-	-	50,000	0.05	-
Chua Chang Yee	-	-	53,222,080	50,000	0.05	46,940,080
Choo Hui Mian	-	-	-	50,000	0.05	40,000
Zairaz Bin Ismail	-	-	-	50,000	0.05	-
Gan Chen Ding	-	-	-	50,000	0.05	-
Toh Kwee Lam	-	-	-	50,000	0.05	-
						51.02 <sup>(1)</sup>
						0.04 <sup>(2)</sup>

Notes:

<sup>^</sup> Assuming that the Pink Form Shares allocated are fully subscribed by them

(1) Deemed interested by virtue of his father's interest in MBL Realty pursuant to Section 6A of the Act

(2) Deemed interested through his brother's direct interest in MBL resulting from the Pink Form Allocation

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**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT' (Cont'd)**


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**7.4.2 Profiles of key management**

Save for the profiles of Chua Ah Ba @ Chua Jing Ka, Chua Fin Hom, Chua Jing Hui, Chua Heok Wee and Dato' Seri Tan King Tai @ Tan Khoo Hai which are set out in Sections 7.1.2 and 7.2.2 of this Prospectus, the profiles of our key management are as follows:

**Teo Chee Lian @ Teo Chee Liang**, aged 36, is the Senior Manager of MBLT and the Marketing Manager of our Group. He graduated with a Bachelor of Commerce majoring in Accountancy from Curtin University of Technology, Perth, Australia in 1997. He started his career with SHH Furniture Industries Sdn Bhd as an Account Executive in 1998. He joined Khun Heng as Finance and Operation Manager in 2000 and for three years, he gained valuable experience in engineering works. He returned to SHH Furniture Industries Sdn Bhd as an Internal Audit Manager in 2003 before joining our Group in 2008 as a Marketing Manager. His current responsibilities include marketing and general oversight of our Group's core business units. He is a registered Chartered Accountant with the Malaysian Institute of Accountant and a Certified Practising Accountant in Australia.

**Ng Chong Ming**, aged 36, is the Special Assistant to Managing Director and the Human Resource Manager of our Group. He graduated with a Master of Science in Information Technology for Manufacture from Warwick University, Coventry, United Kingdom in 1996. After graduation, he started his career with Country Heights Education Sdn Bhd as a System Engineer in 1996. He joined Informatics Training School Singapore as a Lecturer in Computer Study in 1997. He joined Comfort Management Pte Ltd in Singapore as a System Engineer in 1998. During his six (6) years working in Comfort Management Pte Ltd, he has gained valuable experience in business process improvements and automation. In late 2003, he joined Hong Leong Assurance Bhd as a Unit Manager before joining our Group in 2008. His current responsibilities include strategic planning, human resource management, marketing and general oversight of our Group's core business units.

**Teo Teck Wei**, aged 33, a Malaysian, is the Administration and Finance Manager of MBL and is responsible for financial management and overseeing the financial operations of our Group. He graduated with a Bachelor of Accounting from the University of Technology, Sydney in 1999. He is also a Certified Practising Accountant (Australia) and also a member of the Malaysian Institute of Accountants. Prior to joining MBL in 2007, he was attached to Valued Products (M) Sdn Bhd as an Assistant Accountant.

**Chua Chang Yee**, aged 24, a Malaysian, is the Factory and Quality Control Manager of MBL. He completed his Sijil Pelajaran Malaysia in 2001 and joined MBL as a Store Assistant. He was subsequently promoted to his current position in 2006. He is responsible for the overall factory operations as well as monitors quality control of parts and completed machineries. He is a committee member of the engineering and technical department. He is the son of Mr. Chua Fin Hom, currently the Deputy Executive Chairman of MBL.

**Choo Hui Mian**, aged 37, a Malaysian, is the Logistic Manger for MBL. She graduated with a Private Secretary Certificate from RIMA College, Malaysia in 1992. After graduation, she started her career with Tidy Trading Sdn Bhd as a Secretary. In 1995, she joined Muar Tools Manufacturer Sdn Bhd as a Personal Assistant and an ISO Management Representative. In 2004, she joined MBL as a Shipping Officer responsible for the company's import and export activities. She was promoted to Logistic Manager in 2006. Her responsibilities include overseeing our Group's logistic operation.

**Zairaz Bin Ismail**, aged 28, a Malaysian, is the Project and Technical Manager of MBL a member of our engineering and technical team. He graduated with a Certificate in Design and Drafting from Universiti Teknologi Malaysia in 1997. He started his career as a Draughtsman with Litako Furniture Sdn Bhd before joining MBL in 1999. He is responsible for product development, technical support and project supervision of our Group.

**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

**Gan Chen Ding**, aged 41, a Malaysian, is the Purchasing Manager of MBLF. She joined MBLE in 2003 as an Assistant Project Manager and was promoted to her current position in 2006. She graduated with a Diploma in Managerial Principal from Stamford College, Malaysia in 1987. Prior to joining MBLE, she was attached to Muar Industries Sdn Bhd as an Account Executive from 2000 to 2003. She is responsible for the overall purchasing division of MBLE.

**Toh Kwee Lam**, aged 28, a Malaysian, is the Production Manager of MBLF. He graduated with an Electrical and Electronic Certificate from PLT POLY MUAR, Malaysia in 2001. After obtaining his certification, he started his career with MBLF as a Technician. He was promoted to Production Manager in 2006. He is responsible for overseeing MBLF's production activities including stock control, production planning and production supervision.

**7.5 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS**

As at the LPD, save as disclosed below, none of our Executive Directors and key management are involved in the activities or operations of other business or corporations:-

**(a) Chua Ah Ba @ Chua Eng Ka**

Company	Principal Activities	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
MBL Realty	Investment Holding	Director	26 January 2007	40	60 <sup>^</sup>

Note: <sup>^</sup> Deemed interested through his siblings and son's interest in MBL Realty

**(b) Chua Ea Hom**

Company	Principal Activities	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
MBL Realty	Investment Holding	Director	26 January 2007	20	80 <sup>^</sup>

Note: <sup>^</sup> Deemed interested through his siblings and nephew's interest in MBL Realty

**(c) Chua Eng Hui**

Company	Principal Activities	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
MBL Realty	Investment Holding	Director	26 January 2007	20	80 <sup>^</sup>

Note: <sup>^</sup> Deemed interested through his siblings and nephew's interest in MBL Realty

**(d) Chua Heok Wee**

Company	Principal Activities	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
MBL Realty	Investment Holding	Director	26 January 2007	20	80 <sup>^</sup>

Note: <sup>^</sup> Deemed interested through his father and uncles interest in MBL Realty

## 7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### (e) Dato' Seri Tan King Tai @ Tan Khoon Hai

Company	Principal Activities	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
Tan Commercial Management Services Sdn Bhd	Providing secretarial, accounting and management services	Executive Chairman	28 May 1982	94	3*
Saribina Holdings Sdn. Bhd.	Property and Investment Owner	Director	18 June 2007	23	-
UIDS Capital Berhad	Manufacturer of furniture	Executive Director	30 November 2003/-	4	1*

Note: \* Deemed interested by virtue of the shareholdings of his spouse

Mr Chua Ah Ba @ Chua Eng Ka, Mr Chua En Hom, Mr Chua Eng Hui, Mr Chua Heok Wee and Dato' Seri Tan King Tai @ Tan Khoon Hai's involvements in other businesses and corporations are not expected to have any material effect on their contributions to our Group.

## 7.6 DECLARATION OF DIRECTORS AND KEY MANAGEMENT TEAM

None of our Promoters, Directors and key management is or was involved in any of the following events whether within or outside Malaysia: -

- A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- Such person was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 7.7 FAMILY RELATIONSHIPS

Save as disclosed below, there are no family relationships amongst the Promoters, substantial shareholders, Directors and key management of our Group:

- Chua Ah Ba @ Chua Eng Ka, Chua En Hom and Chua Eng Hui are siblings;
- Chua Heok Wee is the son of Chua Ah Ba @ Chua Eng Ka; and
- Chua Chang Yee is the son of Chua En Hom.

## 7.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

There are no existing or proposed service agreements between the Group and its Directors and key management.



**7. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

**7.9 MANAGEMENT SUCCESSION PLAN**

We recognise the importance of continuity in management to maintain its competitive edge. In this regard, we are committed to continuously provide sufficient training, impart and upgrade the knowledge, skills and competency of its personnel to gradually assume the responsibilities of the senior management.

At present, our key management team comprising our Executive Directors whom are supported by the middle management team, who manages our daily operational matters. Both Chua Ah Ba @ Chua Eng Ka and Chua En Hom have approximately 36 and 29 years of experience respectively in the manufacturing of oil seed expeller business. We are conscious of the need to constantly groom suitable junior managers by encouraging participation in senior management discussions. In addition, the middle management are given the responsibility in various aspects of the business activities in order to ensure that they have a full understanding of the responsibilities and decision making process and be equipped with the knowledge necessary for them to succeed senior management positions in due course.

Our Group's key management team comprises of qualified personnel with ages ranging from early thirties to fifties. Our Group has an established middle management team across all levels to assist the heads of various business divisions/key management team in order to facilitate skill transfer so as to ensure smooth running of the Group's management and operations continuity. In addition, rotations of duties are also used as a mechanism to provide management with a broad understanding of the business of our Group.

The ability and commitment of both the key management and middle management teams are reflected in the steady growth of the Company over the past few years.

In addition, our Group highly values its human resources and considers its well-trained staff to be one of our Group's major assets. The Group is committed to grooming its employees, especially the middle management with continuous on-the-job training to gain and develop the necessary knowledge and experience related to their respective responsibility.

Our Directors are of the view that close supervision and guidance on our staff particularly at the departmental head levels is a crucial step for us to groom its next generation of senior management. By having a pool of skilled and experienced staff, and an established system of operation in place, our Directors are of the view that disruptions to our operations will be minimal in the event of departure of any of its existing Executive Directors and/or senior management.

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## 8. APPROVALS AND CONDITIONS

### 8.1 CONDITIONS OF APPROVALS

The SC via its letter dated 28 May 2009 approved the IPO under Section 212(5) of the CMSA. The conditions imposed by the SC and status of compliance are as follows: -

Conditions Imposed By SC		Status of Compliance
1.	Proceeds from the offer for sale are to be put into a trust account until the listing of MBL. Shares on Bursa Securities	Noted and to be complied with.
2.	MBL to disclose in the prospectus the significant contribution from major customers with short business relationship to the Group's profits for the FYE 31 December 2008, risks of failing to secure new customers for the plant setup sales and services and steps taken by the company to maintain sales for the said business activity	Complied. Please refer to Section 3.1(p) and 3.1(q) of this Prospectus for the relevant disclosure.
3.	Bumiputera investors holding the 30% of the enlarged share capital of MBL for the purpose of complying with the National Development Policy requirement must be approved/ recognised by MITI. In the event MBL/ MITI is unable to allocate the shares to the potential Bumiputera investors from the offer for sale portion, the unsubscribed shares shall be immediately offered to the public Bumiputera investors as part of the IPO balloting process. In this case, MBL will be deemed to have complied with the Bumiputera equity requirement	Noted and to be complied with.
4.	MBL to fully comply with all the relevant requirements pertaining to the implementation of the flotation proposal, as specified in the SC Guidelines	Noted and to be complied with.
5.	Maybank IB/ MBL to provide the SC with the status of compliance upon completion of the proposals	Noted and to be complied with.

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change pursuant to the implementation of our Listing Scheme, as follows: -

Category of shareholders	Before implementation of our Listing Scheme (%)	After completion of our Listing Scheme (%)
Bumiputera	0.00	30.06
Non-Bumiputera	100.00	69.94
Foreigners	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The MITI had vide their letter dated 8 April 2009 approved our Listing Scheme and recognised/ approved our Bumiputera shareholders, namely IJSB and OCSB. The conditions imposed by MITI and the status of compliance are as follows:-

Conditions Imposed By MITI	Status of Compliance
MBL to obtain the SC's approval and comply with all relevant requirements in relation to the above proposal, as stipulated in the SC Guidelines	Noted and to be complied with.

**8. APPROVALS AND CONDITIONS (Cont'd)****8.2 MORATORIUM ON THE SALE OF SHARES**

Pursuant to the SC Guidelines, all the MBL Shares held by our Promoters at the date of admission of our Company to the Official List of the Main Market of Bursa Securities are to be placed under moratorium. In this respect, our Promoters whose shares are subject to moratorium are set out below:

Promoters	Shareholdings after IPO		Shareholdings under moratorium	
	No. of MBL Shares	%	No. of MBL Shares	%
MBL Realty	46,940,080	51.02	46,940,080	51.02
Dato' Seri Tan King Tai @ Tan Khoon Hai	5,512,000	5.99	5,512,000	5.99

The Promoters have fully accepted the moratorium. Their shareholdings will not be permitted to sell, transfer or assign any part of their respective interest in the MBL Shares under moratorium within six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

The moratorium shall also apply to the ultimate shareholders of MBL Realty, namely Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Ling Hui and Chua Heok Wee holding voting shares in MBL Realty, who have provided written undertakings that they shall not sell, transfer or assign their respective shareholdings in MBL Realty during the moratorium period.

The restriction is specifically endorsed on the notices of allotment representing the respective shareholding of our Promoters which are under moratorium to ensure that our Share Registrar shall not register any transfer not in compliance with the moratorium restrictions.

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**9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST****9.1 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

Save as disclosed below, there are no transactions, existing or potential, entered or to be entered by us which involves the interests, direct or indirect, of our Promoters, Directors, substantial shareholders, key management and/or persons connected with them within the past three (3) FYE 31 December 2008 and the subsequent financial period thereof, immediately preceding the date of this Prospectus:-

Transacting parties	Nature of relationship	Nature of transaction	Value of transactions for FYE 31 December			
			<---Actual--->			Forecast
			2006	2007	2008	2009
			RM	RM	RM	RM
Dato' Seri Tan King Tai @ Tan Khoun Hai	Director and substantial shareholder	Provision of secretarial services by Tan Commercial Management Services Sdn Bhd.	2,660	2,400	2,400	2,400

The above transaction was conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and will not be detrimental to our minority shareholders. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years. After our Listing, we will procure a mandate from our shareholders, if necessary, for all our recurrent related party transactions of revenue and trading nature or those necessary for our day-to-day operations. Further the interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions.

**9.2 TRANSACTIONS UNUSUAL IN THEIR NATURE OR CONDITIONS**

As at LPD, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the MBL Group was a party in respect of the past three (3) financial years and the subsequent financial period thereof, if any, immediately preceding the date of the Prospectus.

**9.3 OUTSTANDING LOANS MADE BY CORPORATION OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES**

There are no outstanding loans (including guarantees of any kind) made by us, our subsidiaries to or for the benefit of related parties in respect of the past three (3) FYE 31 December 2008 and FPE 30 June 2009.

**9.4 INTEREST IN SIMILAR BUSINESS AND POTENTIAL CONFLICT OF INTEREST**

As at LPD, none of the Directors or substantial shareholders and/or key management of MBL are interested, directly or indirectly in any business carrying on a similar trade as our Group.

**9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)****9.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/ DISPOSED OF OR LEASED**

Save as disclosed below, none of our Directors or our substantial shareholders have any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the past three (3) FYE 31 December 2008 and the subsequent financial period thereof, immediately preceding the date of this Prospectus, acquired or disposed of by or leased to our Group or proposed to be acquired, disposed of by or leased to our Group:

<b>Nature of transaction</b>	<b>Interested parties</b>	<b>Nature of relationship</b>
Acquisition of MBLF	Chua Ah Ba @ Chua Eng Ka Chua En Hom Chua Eng Hui Chua Heok Wee Dato' Seri Tan King Tai @ Tan Khoon Hai	All of them are substantial shareholders and directors of both MBLF.
Acquisition of MBLT	Chua Ah Ba @ Chua Eng Ka Chua En Hom Chua Eng Hui Chua Heok Wee	All of them are substantial shareholders and directors of both MBLT

**9.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF THE GROUP**

Save as disclosed in Section 9.1 hereof, there are no contracts or arrangements in which the Substantial Shareholders are interested in and which is significant in relation to the business of the MBL Group.

**9.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

Under Paragraph 10.09 of the Listing Requirements, a listed issuer may seek the shareholders' mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; and
- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

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**9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)**

Save as disclosed below, there has been no other potential recurrent related party transaction involving the Company or the Group in respect of FYE 31 December 2009.

<b>Company</b>	<b>Transaction/ Interested Party</b>	<b>Nature</b>	<b>Forecast 31 December 2009 (RM)</b>
Tan Commercial Management Services Sdn. Bhd.	Dato' Seri Tan King Tai @ Tan Khoon Hai	Provision of corporate secretarial services	2,400

We will make disclosure in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transaction, names of the related parties and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

Our Directors have confirmed that the transactions with related parties are of expenditure in nature, which are required for day-to-day operations, and will continue to be transacted. All future transactions which involve the interests of the Directors, substantial shareholders, key management and/ or persons connected with them will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not to the detriment of the minority shareholders. The Audit Committee will supervise the terms of all related party transactions, and our Directors will report such transactions, if any, all in our annual reports.

**9.8 DECLARATION BY THE ADVISERS**

Maybank IB wishes to confirm that there is no conflict of interest in respect of its capacity as Adviser to the Group for the IPO.

Messrs. Zaid Ibrahim & Co. hereby confirms that there is no conflict of interest in respect of its capacity as Solicitor to the Group for the IPO and due diligence respectively.

Messrs. Parker Randall Loh hereby confirms that there is no conflict of interest in respect of its capacity as Auditors and Reporting Accountants to the Group for the IPO.

Messrs. D&B Malaysia has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our Listing.

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## 10. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT

## 10.1 Summary of the Information on Properties owned by our Group

The details of landed properties owned by us are as follows:

Registered Owner	Postal Address	Title/ Location	Existing use/ Description of property	Land/ (Built-up area)	Approx. age of building/ Tenure	Major Encumbrances/ Restriction in Interest	Net book value as at 30 June 2009 RM
MBIF	21, Jalan Ramj 4 Kawasan Perindustrian Bukit Pasir 84300 Muar, Johor	HS(D)21319, PTD No 1463, Mukim of Sungai Raya District of Muar Johor	Industrial land together with 2 storey factory and office building	0.607 hectares/ (38,934 sq. ft.)	10 years/60 years lease expiring on 20 May 2056	Charged to United Overseas Bank (M) Bhd (No Perseharan No. 68572/ 2008 dated 26 August 2008) This land cannot be sold, charged, leased or sub-leased or transferred in any manner whatsoever including any sale agreement without the consent from the State Authority	1,406,270
MBLE	JR 52, Lot 1818 Jln Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar Johor	GM No 1416, Lot No 1818, Mukim of Sungai Raya, District of Muar State of Johor	Industrial land together with factory building and 3-storey permanent office	1.3835 hectares/ (148,918 sq. ft.)	Freehold	Charged to Malaysian Industrial Development Finance Berhad (No. Perseharan 3015/2007 dated 23 May 2007)	5,398,337

## 10. INFORMATION ON PROPERTIES AND PLANT AND EQUIPMENT (Cont'd)

Registered Owner	Postal Address	Title/ Location	Existing use/ Description of property	Land/ (Built-up area)	Approx. age of building/ Tenure	Major Encumbrances/ Restriction in interest	Net book value as at 30 June 2009 RM
MBIE	Not applicable	HS(M)780, PTD No 1303, Mukim of Sungai Raya District of Muar State of Johor	Agricultural	0.6766 hectares	Freehold	None	430,000
MBLE	Not applicable	HS(M)781, PTD No 1304, Mukim of Sungai Raya, District of Muar State of Johor	Agricultural	0.6766 hectares	Freehold	None	430,000
MBLE	Not applicable	HS(M)2435, PTD No. 6103, Mukim of Jalan Bakri, District of Muar State of Johor	Agricultural	1.9728 hectares	Freehold	None	780,000
MBLE	Not applicable	HS(D)33696, PID No. 10622, and HS(D)33697 PTD No. 10621 Mukim Jalan Babri District of Muar, State of Johor	Industrial	49,995.33 6 sq. ft./ (53,625.82 5 sq. ft.)	Freehold	Both lands are charged to HSBC Bank (M) Bhd (No. Perserahan 1246/2008 dated 8 January 2008)/ The land as contained in the title cannot be transferred in any manner except when the factory building as in the Express Condition has started to be built in accordance with the plan approved by the relevant State Authority.	1,169,641



## 10. INFORMATION ON PROPERTIES AND PLANT AND EQUIPMENT (Cont'd)

Registered Owner	Postal Address	Title/ Location	Existing use/ Description of property	Land/ (Built-up area)	Approx. age of building/ Tenure	Major Encumbrances/ Restriction in interest	Net book value as at 30 June 2009 RM
MBLE	Unit No A-33-14, Tower A, Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur	Parcel No A-33- 06, Type D, Star City Service Suites, Berjaya Star City held under Master Title Geran No 7866 & 10798 56069, Lot 339 & Lot 145, Section 52, Town and District of Kuala Lumpur, Wilayah Persekutuan	Service Suite Apartment	Not applicable (665 sq. ft.)	4 years/ Freehold	None	351,577
MBLE	No. 2-6, Jalan Sungai Abong 84000 Muar Johor Darul Takzim	HS(M)6312, PTD No. 12352 Mukim of Bandar, District of Muar State of Johor	2-storey shophouse	2,926 sq. ft. / (143 sq. meters)	1/ Freehold	This land cannot be transferred in any manner whatsoever to non-citizen/foreign company without the consent of the State Authority.	324,622
MBLE	No. 06-02 (Type B) Kondominium Ruby Jalan Sg Abong, township of Bandar Maharani, Johor Darul Takzim	Master Title Geran 55495 (formerly 13016 Lot No. 4129 Bandar Maharani Muar, Johor	Condominium	Not applicable (1,218 sq. ft.)	6/ Freehold	None	143,280

**10. INFORMATION ON PROPERTIES AND PLANT AND EQUIPMENT (Cont'd)****10.2 Summary of the Information on Properties rented/ leased by our Group**

<b>Lessor/Landlord (Tenant)</b>	<b>Postal Address</b>	<b>Existing use/ Description of property</b>	<b>Date of Expiry of Lease</b>
Loh Hung Eng (MBLE)	No. 41, Jalan Panchor, Bukit Pasir, 84300 Muar, Johor	Hostel for workers/ Double storey shop house	Three years tenancy expiring on 30 April 2012
Lee Ching Khang (MBLE)	No. 74 Taman Siong Boon, Jalan Sibiew, 97000 Bintulu, Sarawak	Marketing and customer service office	Three years lease expiring on 31 August 2010
Khor Soo Ping (MBLE)	1S, Jl Juanda III, No. 30J, Medan, Indonesia	Marketing and customer service office	Two years tenancy expiring on 31 December 2010

**10.3 Landed Properties Bought over the past two (2) years**

No landed properties were bought by us over the past two (2) years.

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**10. INFORMATION ON PROPERTIES AND PLANT AND EQUIPMENT (Cont'd)****10.4 Breach of Building By-Laws or Approved Land Use**

There were no breaches of any property or land use conditions and/or is material non-compliance with current statutory requirements, land rules, building regulations and environmental requirements.

**10.5 Major Machineries and Equipment**

A summary information on the major machineries and equipment used by our Group as at 30 June 2009 are as follows:

<b>Machinery and Equipment</b>	<b>No. of Units</b>	<b>Net Book Value (RM)</b>
Lathe Machine	24	168,271
CNC Lathe Machine	2	197,550
Shaping Machine	6	14,250
Housing Planner	1	*
Drilling Machine	6	9,000
Welding machine	24	14,387
Milling Machine	7	115,150
CNC Milling Machine	1	218,566
Hydraulic Press	2	3,800
Cutting Machine	4	2,474
Shearing Machine	1	7,560
Grinding Machine	11	4,808
Rolling Machine	2	15,647
	<b>91</b>	<b>771,463</b>

Note:-

\* Fully depreciated.

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**11. FINANCIAL INFORMATION****11.1 HISTORICAL FINANCIAL INFORMATION****11.1.1 PROFORMA CONSOLIDATED INCOME STATEMENTS**

This proforma consolidated results has been extracted from the Proforma Consolidated Financial Information set out in Section 11.4 of this Prospectus and should be read in conjunction with the notes thereto. The following table sets out a summary of the proforma consolidated results of the Group for the past four (4) FYE 31 December 2008 and FPE 30 June 2008 and 30 June 2009, presented for illustrative purposes only.

	-----FYE 31 December-----				<--FPE 30 June-->	
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2008* RM'000	2009 RM'000
Revenue	24,113	34,215	40,913	41,368	14,937	14,290
GP	9,347	13,617	15,553	16,411	5,910	5,996
EBITDA	6,997	9,640	10,497	10,840	2,767	6,035
Depreciation and amortisation	(539)	(628)	(739)	(839)	(395)	(413)
Interest expense	(27)	(27)	(94)	(242)	(129)	(102)
Interest income	30	54	46	93	34	44
PBT	6,461	9,039	9,710	9,852	2,277	5,564
Tax expense	(2,312)	(2,336)	(1,735)	(1,859)	(139)	(321)
PAT	4,149	6,703	7,975	7,993	2,138	5,243
GP margin (%)	38.76	39.80	38.01	39.67	39.57	41.96
PBT margin (%)	26.79	26.42	23.73	23.82	15.24	17.21 <sup>a</sup>
PAT margin (%)	17.21	19.59	19.49	19.32	14.31	14.96 <sup>a</sup>
Issued and paid-up share capital						
- Enlarged Share Capital in issue upon Listing ('000)	92,000	92,000	92,000	92,000	92,000	92,000
Based on our Enlarged Share Capital in issue upon Listing ('000)						
Gross EPS (sen)	7.02	9.83	10.55	10.71	2.48	6.05
Net EPS (sen)	4.51	7.29	8.67	8.69	2.32	5.70

**Notes:**

\* Unaudited and included for the purpose of comparison only.

<sup>a</sup> The PBT/ PAT margins for FPE 30 June 2009 is normalised and computed after excluding the recognition of negative goodwill of RM3.105 million.

(a) Save for a realized loss on foreign exchange of RM415,000 incurred during the FPE 30 June 2009, there were no other extraordinary items, exceptional items and minority interests for the financial years/ periods under review.

(b) All inter-company transactions are eliminated.

(c) The GP margin is computed by dividing the GP by revenue in the respective FYE/ FPE.

(d) The PBT margin is computed by dividing the PBT by revenue in the respective FYE/ FPE.

(e) The PAT margin is computed by dividing the PAT by revenue in the respective FYE/ FPE.

## 11. FINANCIAL INFORMATION

## 11.1.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009

We have prepared our proforma consolidated balance sheets below for illustrative purposes only based on the audited financial statements of our Company and our subsidiaries as at 30 June 2009 to show the effects on the audited balance sheet of our Group on the assumption that the Listing Scheme and the utilisation of proceeds were effected and completed on 30 June 2009. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 11.4 of this Prospectus.

	Proforma I		Proforma II	Proforma III
	After the Acquisitions		After Proforma I, the Corporatisation, the Public Issue and the Offer for Sale	After Proforma II and the utilisation of proceeds
	Company level As at 30 June 2009	MBL Group Audited Consolidated Balance Sheet As at 30 June 2009		
	RM'000	RM'000	RM'000	RM'000
<b>Non Current Assets</b>				
Property, plant & equipment	-	12,564	12,564	17,064
Prepaid lease payments	-	292	292	292
Investments in subsidiaries	35,500	-	-	-
<b>Current Assets</b>				
Inventories	-	11,147	11,147	11,147
Trade receivables	-	11,521	11,521	11,521
Other receivables	1,062	2,531	2,531	2,531
Current income taxes	-	211	211	211
Fixed/other deposits with licensed banks	-	5,248	5,248	5,248
Cash & bank balances	*	3,247	16,897	8,097
	1,062	33,905	47,555	38,755
<b>Current Liabilities</b>				
Trade payables	-	2,260	2,260	2,260
Hire purchase payables	-	198	198	198
Other payables	1,619	3,129	3,129	3,129
Term loans	-	778	778	189
	1,619	6,365	6,365	5,776
Net Current Assets/ (Liabilities)	(557)	27,540	41,190	32,979
<b>Non Current Liabilities</b>				
Hire purchase payables	-	152	152	152
Term loans	-	1,911	1,911	-
Deferred income taxes	-	285	285	285
	-	(2,348)	(2,348)	(437)
	34,943	38,048	51,698	49,898
<b>Capital and Reserves</b>				
Share capital	35,500	35,500	46,000	46,000
Share premium	-	-	3,150	1,350
Unappropriated profit/(accumulated loss)	(557)	2,548	2,548	2,548
Shareholders' fund	34,943	38,048	51,698	49,898
Number of ordinary shares in issue ('000)	71,000	71,000	92,000	92,000
Par value	0.50	0.50	0.50	0.50
NA (RM'000)	34,943	38,048	51,698	49,898
NA per ordinary share (RM)	0.49	0.54	0.56	0.54

**11. FINANCIAL INFORMATION***Note:-**Represents RM2.00***11.1.3 PROFORMA CONSOLIDATED CASH FLOW STATEMENT**

This proforma consolidated cash flow statement has been extracted from the Proforma Consolidated Financial Information set out in Section 11.4 of this Prospectus and should be read in conjunction with the notes thereto.

	<b>FPE 30 JUNE 2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from disposal of property, plant & equipment	202
Purchase of property, plant & equipment	(148)
Net cash generated from investing activities	54
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayment of	
- term loans	(373)
- hire purchase payables	(133)
Placement of fixed deposits	(12)
Net cash used in financing activities	(518)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>4,279</b>
Cash & cash equivalents at the beginning of the period	3,216
Cash & cash equivalents at the end of the period	7,495

**11. FINANCIAL INFORMATION (Cont'd)****11.2 CAPITALISATION AND INDEBTEDNESS**

The capitalisation and indebtedness of our Group as at 30 June 2009 based on our proforma consolidated balance sheet as at 30 June 2009, adjusted for the net proceeds arising from the Public Issue and the utilisation of proceeds as set out in Section 2.7 of this Prospectus are as follows:

	Proforma as at 30 June 2009  RM'000	After adjusted for Public Issue and utilisation of proceeds  RM'000
Cash and bank balances	3,247	8,097
<b>Indebtedness</b>		
<b>Secured and guaranteed:</b>		
Term Loan	2,689	189
Hire purchase payable	350	350
<b>Total indebtedness</b>	<b>3,039</b>	<b>539</b>
<b>Capitalisation</b>		
Shareholders' funds	38,048	49,898
<b>Total capitalisation</b>	<b>38,048</b>	<b>49,898</b>
<b>Total capitalisation and indebtedness</b>	<b>41,087</b>	<b>50,437</b>

**11.3 DIVIDEND POLICY**

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board, and any final dividend for the year is subject to our shareholders' approval. Our Board views the Group as one of the major manufacturers of oil seed expellers and its related parts as well as a provider of plant setup sales and services, with good prospects for growth and expansion. Hence, we believe that investment in our shares provide potential for long term capital appreciation.

Notwithstanding the above, it is our intention to pay dividends to shareholders in the future depending upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Actual dividends proposed and declared may vary depending on the financial performance and cash flow of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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

**11.4 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION AS AT 30 JUNE 2009**

*(Prepared for inclusion in the Prospectus)*



(Accountants' Letter on the Proforma Consolidated Financial Information prepared for inclusion in this Prospectus)

**4 SEP 2009**

**Muar Ban Lee Group Berhad**  
87 Lebuh Muntri  
10200 Penang  
Malaysia

Dear Sirs

**MUAR BAN LEE GROUP BERHAD ("MBL")  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the proforma consolidated financial information of MBL and its subsidiaries ("the MBL Group" or "the Group") as set out in the accompanying statements (initialed by us for the purpose of identification only) for the financial years ended 31 December 2005, 2006, 2007, 2008 and for the financial period ended 30 June 2009 together with the accompanying notes thereto prepared for illustrative purposes for which the Board of Directors of MBL are solely responsible. The Proforma Consolidated Financial Information has been prepared for inclusion in the Prospectus of the MBL Group in connection with the listing of MBL on the Main Market of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

It is solely the responsibility of the Board of Directors of MBL to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission.

It is our responsibility to form an opinion on the Proforma Consolidated Financial Information and to report our opinion to you based on our work.

Our work, which involved no independent examination of any of the underlying financial information, consist primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the Proforma Consolidated Financial Information with the Directors of the Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the Group. Further, such information does not purport to predict the future financial position, results and cash flows of the MBL Group.

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of the MBL Group unless otherwise stated;



11. FINANCIAL INFORMATION (Cont'd)

 **Parker Randall Loh**

- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

  
PARKER RANDALL LOH (AF 001841)  
Chartered Accountants

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

**11. FINANCIAL INFORMATION (Cont'd)****MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information is based on the financial information of Muar Ban Lee Group Berhad ("MBL") and its subsidiaries ("the MBL Group") comprising the financial information of MBL, Muar Ban Lee Engineering Sdn. Bhd. ("MBLE") and Muar Ban Lee Technology Sdn. Bhd. ("MBLT").

The proforma consolidated financial information is presented for purpose of illustration only.

The relevant financial period for the purpose of this Report ("Relevant Financial Period") is as follows:-

Company	Relevant Financial Period
MBL	Financial period ("FP") from 20 November 2006 (date of incorporation) to 31 December 2006 and Financial year ended ("FYE") 31 December 2007, 2008 and FPE 30 June 2009
MBLE	FYE 31 December 2005, 2006, 2007, 2008 and FPE 30 June 2009
MBLT	FP from 6 September 2004 (date of incorporation) to 31 December 2005, FYE 31 December 2006, 2007, 2008 and FPE 30 June 2009

The proforma consolidated financial information of the MBL Group is prepared on the assumption that the MBL Group has been in existence throughout the FYE 31 December 2005 to 2008 and FPE 30 June 2009. The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Periods;
- Section 3 - Proforma Consolidated Balance Sheets as at 30 June 2009; and
- Section 4 - Proforma Consolidated Cash Flow Statement for the FPE 30 June 2009.

**1.2 Basis of preparation**

The proforma consolidated financial information is prepared using the audited financial statements of MBL, MBLE and MBLT for the Relevant Financial Period.

The proforma consolidated financial information have been prepared in accordance with the applicable approved accounting standards for entities other than private entities in Malaysia consistent with those previously adopted in the preparation of audited financial statements of the MBL Group and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The proforma consolidated financial information have been prepared using the purchase method of consolidating MBLE and MBLT. Under the purchase method, the difference between the acquisition cost and the interest in the fair value of the identifiable assets, liabilities and contingent liabilities so recognised shall be accounted for as goodwill or negative goodwill.



**11. FINANCIAL INFORMATION (Cont'd)****MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)****1.2 Basis of preparation (Cont'd)**

All the inter-company transactions between companies within the MBL Group for each of the years/periods under review have been eliminated on consolidation.

The proforma consolidated balance sheets together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the following schemes been implemented and completed on 30 June 2009:-

**Listing Scheme**

MBL seeks a listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme comprises the following:-

**(a) Acquisitions 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 ("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 MBL Shares.

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

**(b) Corporatisation**

After 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 Hook Wee ("Corporatisation").

The Corporatisation was completed on 30 June 2009.

**(c) Public Issue**

The Public Issue of 21,000,000 new MBL Shares ("Public Issue Shares") at an issue price of RM0.65 per MBL Share ("Public Issue") are to be allocated and allotted in the following manner:-

- (i) 2,700,000 Public Issue 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 Public Issue 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;



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

**MUAR BAN LEE GROUP BERHAD**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**

**1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

**1.2 Basis of preparation (Cont'd)**

(c) Public Issue (Cont'd)

(iii) 7,340,000 Public Issue 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 Public Issue 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 MBL Shares credited as fully paid-up. The new MBL Shares to be issued pursuant to the Public Issue shall rank pari passu in all respect with the existing MBL Shares.

(d) Offer for Sale

7,000,000 existing MBL Shares ("Offer 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 MBL Share ("Offer for Sale").

(e) Listing

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

(Collectively referred to as the "Listing Scheme")

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**11. FINANCIAL INFORMATION (Cont'd)****MUAR BAN LEE GROUP BERHAD****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE MBL GROUP**

	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	24,113	34,215	40,913	41,368	14,937	14,290
Gross profit ("GP")	9,347	13,617	15,553	16,411	5,910	5,996
Other operating income	274	376	413	686	274	3,355
	9,621	13,993	15,966	17,097	6,184	9,351
Distribution and administration expenses	(3,133)	(4,927)	(6,162)	(7,003)	(3,778)	(3,270)
Profit from operations	6,488	9,066	9,804	10,094	2,406	6,081
Exceptional items	-	-	-	-	-	(415) <sup>†</sup>
Finance costs	(27)	(27)	(94)	(242)	(129)	(102)
	6,461	9,039	9,710	9,852	2,277	5,564
Depreciation and amortisation	539	628	739	839	395	413
Interest expense	27	27	94	242	129	102
Interest income	(30)	(54)	(46)	(93)	(34)	(44)
Earnings before interest, depreciation, amortisation and taxation ("EBITDA")	6,997	9,640	10,497	10,840	2,767	6,035
Depreciation and amortisation	(539)	(628)	(739)	(839)	(395)	(413)
Interest expense	(27)	(27)	(94)	(242)	(129)	(102)
Interest income	30	54	46	93	34	44
Profit before tax ("PBT")	6,461	9,039	9,710	9,852	2,277	5,564
Tax expense	(2,312)	(2,336)	(1,735)	(1,859)	(139)	(321)
Profit after tax ("PAT")	4,149	6,703	7,975	7,993	2,138	5,243
Assumed number of ordinary shares of RM0.50 each in issue ('000)	71,000	71,000	71,000	71,000	71,000	71,000
GP margin (%)	38.76	39.80	38.01	39.67	39.57	41.96
PBT margin (%)	26.79	26.42	23.73	23.82	15.24	17.21 <sup>†</sup>
PAT margin (%)	17.21	19.59	19.49	19.32	14.31	14.96 <sup>†</sup>
Effective tax rate (%)	35.78	25.84	17.87	18.87	6.10	5.77
Interest coverage ratio (times)	240.30	335.78	104.30	41.71	18.65	55.55
Trade receivables turnover period (months)	2.6	2.8	5.4	5.3	4.2	4.8
Trade payables turnover period (months)	4.5	2.7	4.3	1.9	3.2	2.1
Inventories turnover period (months)	4.4	5.8	3.5	5.7	8.4	8.1
Gearing ratio (all interest-bearing debts over shareholders' funds) (times)	0.04	0.02	0.13	0.10	0.13	0.08
Gross earnings per share ("EPS") based on assumed number of ordinary shares in issue** (sen)	9	13	14	14	3	8
Net EPS based on assumed of ordinary shares in issue** (sen)	6	9	11	11	3	7



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

**MUAR BAN LEE GROUP BERHAD**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**

**2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE MBL GROUP (CONT'D)**

**Notes:-**

\* *The income statements for the six-month financial period ended 30 June 2008 are unaudited and are included for comparison purpose.*

*There were no minority interests and share of profits/losses of associates/joint ventures during the financial years under review.*

\* *Assumed number of ordinary shares in issue after the Acquisitions but before the Public Issue and Offer for Sale.*

\*\* *The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of ordinary shares in issue during the financial years under review.*

^ *The other operating income of RM3,355 million includes the recognition of negative goodwill of RM3,105 million.*

^ *The exceptional items for FPE 2009 of RM415,000 is in respect of realised foreign exchange loss.*

*PBT/PAT margin for FPE 2009 is normalised and computed after excluding the recognition of negative goodwill of RM3,105 million.*

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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**

	NOTES	MBL Company Level	Proforma I	Proforma II	Proforma III
		As at 30 June 2009	MBL Group Audited Consolidated Balance Sheet As at 30 June 2009	After Proforma I, the Corporatisation, the Public Issue and the Offer for Sale	After Proforma II and the Utilisation of Proceeds
		RM'000	RM'000	RM'000	RM'000
<b>NON CURRENT ASSETS</b>					
Property, plant & equipment	3.4	-	12,564	12,564	17,064
Prepaid lease payments	3.5	-	292	292	292
Investments in subsidiaries		35,500	-	-	-
<b>CURRENT ASSETS</b>					
Inventories	3.6	-	11,147	11,147	11,147
Trade receivables	3.7	-	11,521	11,521	11,521
Other receivables	3.8	1,062	2,531	2,531	2,531
Current income taxes recoverable	3.9	-	211	211	211
Fixed/other deposits with licensed banks	3.10	-	5,248	5,248	5,248
Cash & bank balances	3.11	-	3,247	16,897	8,097
		1,062	33,905	47,555	38,755
<b>CURRENT LIABILITIES</b>					
Trade payables	3.12	-	2,260	2,260	2,260
Hire purchase payables	3.13	-	198	198	198
Other payables	3.14	1,619	3,129	3,129	3,129
Term loans	3.15	-	778	778	189
		1,619	6,365	6,365	5,776
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		(557)	27,540	41,190	32,979
<b>NON CURRENT LIABILITIES</b>					
Hire purchase payables	3.13	-	152	152	152
Term loans	3.15	-	1,911	1,911	-
Deferred income taxes	3.16	-	285	285	285
		-	(2,348)	(2,348)	(437)
		34,943	38,048	51,698	49,898
<b>CAPITAL &amp; RESERVES</b>					
Share capital	3.17	35,500	35,500	46,000	46,000
Share premium	3.18	-	-	3,150	1,350
Unappropriated profit/(accumulated loss)		(557)	2,548	2,548	2,548
Shareholders' fund		34,943	38,048	51,698	49,898
Number of ordinary shares in issue ('000)		71,000	71,000	92,000	92,000
Par value		0.50	0.50	0.50	0.50
Net assets ("NA") (RM'000)		34,943	38,048	51,698	49,898
NA per ordinary share (RM)		0.49	0.54	0.56	0.54

Note:-

\* Represents RM2.



**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)****3.1 Proforma I**

Proforma I reflects MBL's audited balance sheet as at 30 June 2009 after incorporation of the following events:-

- (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 to be satisfied by the issuance of 60,799,996 new MBL Shares; and
- (ii) the acquisition by MBL of the entire issued and fully paid-up share capital of MBLI comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,100,000 to be satisfied by the issuance of 10,200,000 new MBL Shares.

(Notes 3.1 (i) and 3.1 (ii) are collectively referred as the "Acquisitions").

The Acquisitions are accounted for using the purchase method of consolidation.

**3.2 Proforma II**

Proforma II incorporates the effects of Proforma I and after the Corporatisation, Public Issue of 21,000,000 new Public Issue Shares and Offer for Sale of 7,000,000 Offer Shares at an issue/offer price of RM0.65 per MBL Share, payable in full upon application.

The Corporatisation would not have any effect on MBL's Proforma Consolidated Balance Sheet.

The Offer for Sale would not have any effect on MBL's Proforma Consolidated Balance Sheet.

**3.3 Proforma III**

Proforma III incorporates the effects of Proforma II and the expected utilisation of proceeds of RM13.650 million from the Public Issue in the following manner:-

	Notes	RM'000
Repayment of bank borrowings	1	2,500
Purchase of machineries	2	3,000
Setup service offices in Indonesia, Papua New Guinea and Nigeria	2	1,500
Research & development expenditure	3	500
Working capital	3	4,350
Estimated listing expenses	4	1,800
		<b>13,650</b>

Notes:-

1 The repayment of bank borrowings of RM2.5 million has been reflected in Proforma III. The bank borrowings are for the purpose of construction cost of the factory on JR 52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor and the purchase of 2 parcels of industrial land on HS(D)33696 PTD 10622 and HS(D)33697 PTD 10621, Mukim of Jalan Bakri, District of Muar, State of Johor respectively;

2 The purchase of machineries amounting to RM3 million and the setup of service offices in Indonesia, Papua New Guinea and Nigeria amounting to RM1.5 million have been reflected under property, plant and equipment;





**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)****3.3 Proforma III (Cont'd)**

Notes (Cont'd):-

3 Amounts reflected under cash and bank balances pending utilisation; and

4 The estimated listing expenses of RM1.8 million are net off against the share premium arising from the Public Issue as follows:-

	RM'000
Share premium from the Public Issue	3,150
Less: Estimated listing expenses	(1,800)
Balance carried forward	1,350

**3.4 Property, plant & equipment**

	Land & buildings	Plant & machinery	Furniture, fittings & office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
Balance as at 30.06.2009	-	-	-	-	-
Acquisitions of subsidiaries as per Proforma I/II	10,753	2,759	780	2,567	16,859
Utilisation of proceeds- Additions	1,500	3,000	-	-	4,500
As per Proforma III	12,253	5,759	780	2,567	21,359
Accumulated Depreciation					
Balance as at 30.06.2009	-	-	-	-	-
Acquisitions of subsidiaries as per Proforma I/II	611	2,048	376	1,260	4,295
As per Proforma III	611	2,048	376	1,260	4,295
Net book value as per Proforma I/II	10,142	711	404	1,307	12,564
Net book value as per Proforma III	11,642	3,711	404	1,307	17,064



**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)****3.4 Property, plant & equipment (Cont'd)**

The net book value of the land and buildings as at balance sheet date were as follows:-

	RM'000
Land & buildings	
- freehold	
- land	3,546
- buildings	5,482
	9,028
- short-term leasehold buildings	1,114
	10,142

**3.5 Prepaid lease payments**

	Short-term leasehold land RM'000
Cost	
Acquisitions of subsidiaries/ Balance as at 30.06.09	394
Accumulated amortisation	
Acquisitions of subsidiaries/ Balance as at 30.06.09	102
As per Proforma I/II/III	292

Prepaid lease payments which represent short-term leasehold land have been pledged as security for banking facilities granted to the Group.

**3.6 Inventories**

	RM'000
At cost :	
Raw materials	4,142
Work-in-progress	7,005
As per Proforma I/II/III	11,147

None of the inventories was carried at net realisable value as at the balance sheet date.

**3.7 Trade receivables**

	RM'000
Trade receivables	11,521
Allowance for doubtful debts	-
	11,521

