



# **MUAR BAN LEE GROUP BERHAD**

(Company No. 753588-P)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR 2ND QUARTER ENDED 30 JUNE 2010**



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2010

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue	15,353	N/A	22,815	N/A
Cost of sales	(10,039)	N/A	(14,329)	N/A
<b>Gross profit</b>	<b>5,314</b>	<b>N/A</b>	<b>8,486</b>	<b>N/A</b>
Other income	111	N/A	241	N/A
Depreciation and amortisation	(273)	N/A	(495)	N/A
Administrative expenses	(2,083)	N/A	(4,091)	N/A
<b>Operating profit</b>	<b>3,069</b>	<b>N/A</b>	<b>4,141</b>	<b>N/A</b>
Interest Income	87	N/A	161	N/A
Interest expense	(6)	N/A	(20)	N/A
<b>Profit before tax</b>	<b>3,150</b>	<b>N/A</b>	<b>4,282</b>	<b>N/A</b>
Tax expense	(186)	N/A	(209)	N/A
<b>Profit for the period</b>	<b>2,964</b>	<b>N/A</b>	<b>4,073</b>	<b>N/A</b>
<b>Other Comprehensive Income, net of tax</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>N/A</b>
<b>Total Comprehensive Income for the period</b>	<b>2,964</b>	<b>N/A</b>	<b>4,073</b>	<b>N/A</b>
<b>Total Comprehensive Income attributable to:</b>				
Shareholders of the Company	2,964	N/A	4,073	N/A
Minority interest	-	N/A	-	N/A
	<b>2,964</b>	<b>N/A</b>	<b>4,073</b>	<b>N/A</b>
Earnings per share (sen)				
- Basic	3.22	N/A	4.43	N/A
- Diluted	N/A	N/A	N/A	N/A

*The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

*No comparative figures for the preceding year's individual and cumulative corresponding period are available as the Company was listed on 28 October 2009*



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	(Unaudited) As at 30.06.2010 RM'000	(Audited) As at 31.12.2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,426	13,115
Prepaid lease payments	285	289
Held to maturity (HTM) investments	450	-
	17,161	13,404
<b>Current assets</b>		
Inventories	12,947	11,386
Trade & other receivables	16,845	19,778
Tax recoverable	768	530
Fixed deposits with licensed banks	17,784	16,628
Cash and bank balances	4,917	4,694
	53,261	53,016
<b>TOTAL ASSETS</b>	70,422	66,420
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	46,000	46,000
Share premium	1,308	1,308
Retained profits	9,387	6,694
	56,695	54,002
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	275	339
Term loans	-	437
Deferred taxation	364	350
	639	1,126
<b>Current liabilities</b>		
Trade & other payables	12,815	10,920
Hire purchase payables	265	172
Taxation	8	-
Term loans	-	200
	13,088	11,292
<b>Total liabilities</b>	13,727	12,418
<b>TOTAL EQUITY AND LIABILITIES</b>	70,422	66,420
Net assets per share (RM)	0.62	0.59

*The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.*



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2010

	Attributable to Equity Holders of the Company					Total Equity
	Non-Distributable		Distributable		Minority Interest	
	Share Capital	Share Premium	Retained Profits	Subtotal		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2010</b>	46,000	1,308	6,694	54,002	-	54,002
Total comprehensive income for the period	-	-	4,073	4,073	-	4,073
Dividends	-	-	(1,380)	(1,380)	-	(1,380)
<b>At 30 June 2010</b>	<b>46,000</b>	<b>1,308</b>	<b>9,387</b>	<b>56,695</b>	<b>-</b>	<b>56,695</b>

*The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.*



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)  
(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

	Current Year To-date	Preceding Year Corresponding Period
	30.06.2010 RM'000	30.06.2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	4,282	N/A
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	492	N/A
Amortisation of prepaid lease payment	3	N/A
Interest expense	20	N/A
Interest income	(161)	N/A
Gain on disposal of property, plant & equipment	(225)	N/A
<b>Operating profit before working capital changes</b>	4,411	N/A
<b>Changes in working capital</b>		
Increase in inventories	(1,561)	N/A
Decrease in trade & other receivables	2,933	N/A
Increase in trade & other payables	1,895	N/A
<b>Cash generated from operations</b>	7,678	N/A
Interest paid	(20)	N/A
Income tax paid	(425)	N/A
Interest received	161	N/A
<b>Net cash generated from operating activities</b>	7,394	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,798)	N/A
Purchase of other investment	(450)	N/A
Proceed from disposal of property, plant & equipment	420	N/A
<b>Net cash used in investing activities</b>	(3,828)	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,380)	N/A
Repayment of hire purchase payables	(171)	N/A
Repayment of term loans	(637)	N/A
<b>Net cash used in financing activities</b>	(2,188)	N/A
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,378	N/A
Cash and cash equivalents at beginning of period	19,668	N/A
<b>Cash and cash equivalents at end of period</b>	21,046	N/A
Note:	<b><u>Cash and Cash Equivalents at end of period</u></b>	
Cash and bank balances	4,917	N/A
Short term deposits with licensed banks	17,784	N/A
Fixed deposits pledged	(1,639)	N/A
Unrealised exchange loss	(16)	N/A
	21,046	N/A

*The Unaudited Condensed Statements of Cash Flow should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.*

*No comparative figures for the preceding year's individual and cumulative corresponding period are available as the Company was listed on 28 October 2009*



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS  
("FRS") 134: INTERIM FINANCIAL STATEMENTS**

**A1. BASIS OF PREPARATION**

The interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statement for the year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009.

**A2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations applicable to the Group with effect from 1 January 2010:

FRS 7:	Financial Instruments: Disclosures
FRS 8:	Operating Segments
FRS 101:	Presentation of Financial Statements (revised)
FRS 123:	Borrowing costs
FRS 139:	Financial Instruments: Recognition and Measurement
Amendment to FRS 1:	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 7:	Financial Instruments: Disclosures
Amendment to FRS 8:	Operating Segments
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee benefits
Amendment to FRS 127:	Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 132:	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 139:	Financial Instruments: Recognition and Measurement
IC Interpretation 10:	Interim Financial Reporting and Impairment

The adoption of the above pronouncements does not have significant changes in the accounting policies and presentation of the financial statements of the Group, except for the following:



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**(a) FRS 8: Operating Segments**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

**(b) FRS 101: Presentation of Financial Statements (Revised)**

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. This standard does not have any impact on the financial position and results of the Group.

**(c) FRS 139: Financial Instruments: Recognition and Measurement**

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instruments.

**Financial Assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial assets include cash and short-term deposits, loans and receivables and held to maturity investments.

**(i) Loans and receivables**

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. Gains and losses arising from the derecognition of the loans and receivables, amortisation under the effective interest method and impairment losses are recognised in the income statement.

**(ii) Available For Sales (AFS) investments**

Prior to 1 January 2010, available for sale financial assets will be accounted for at cost less impairment losses. Under FRS 139, available for sale financial asset is measured (a) at fair value initially and subsequently with unrealised gains or losses recognised directly in equity until the investment is derecognised or impaired or (b) at cost if the unquoted equity instrument is not carried at fair value because its fair value cannot be reliably measured.



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**(iii) Held To Maturity (HTM) investments**

Financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold it to maturity. After initial measurement, HTM investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts through the expected life of the HTM asset to the net carrying amount of the asset. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation or accretion process.

**Financial Liabilities**

Financial liabilities are initially recognised at fair value through profit or loss. All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit of loss. The Group's financial liabilities include trade and other payables and borrowings.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively. The adoption of FRS 139 does not have any significant impact on the financial position and results of the Group.

**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the preceding audited financial statements was not subject to any qualification.

**A4. SEASONALITY OR CYCLICALITY FACTORS**

The performance of the Group is generally not affected by any seasonal or cyclical factors.

**A5. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the financial period under review.

**A6. CHANGES IN ESTIMATES**

There were no changes in estimates amount that had a material effect for the current financial period under review.

**A7. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review.





**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**A8. DIVIDEND PAID**

The final single tier tax exempt dividend of 3% or equivalent to 1.5 sen per share in respect of financial year ended 31 December 2009, amounting to RM1,380,000 was paid on 23 June 2010 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 11 June 2010.

**A9. SEGMENTAL INFORMATION**

Segmental reporting for the period ended 30 June 2010.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
<b>Revenue</b>				
External sales	-	22,815	-	22,815
Inter-company transactions	-	1,423	(1,423)	-
Dividend income	700	-	(700)	-
	<u>700</u>	<u>24,238</u>	<u>(2,123)</u>	<u>22,815</u>
<b>Segmental result</b>	741	3,561	-	4,302
Finance costs				<u>(20)</u>
<b>Profit before tax</b>				4,282
Taxation				<u>(209)</u>
<b>Profit for the period</b>				<u><u>4,073</u></u>

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no valuation of the property, plant and equipment during the financial period under review.

**A11. MATERIAL SUBSEQUENT EVENTS**

There are no material events subsequent to the financial period under review.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group in the financial period under review.



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The contingent liabilities of the Group are as follows:

	30.06.2010 RM '000	31.12.2009 RM '000
Corporate Guarantee to financial institutions for facilities granted to subsidiary companies	10,000	NIL

**A14. CAPITAL COMMITMENTS**

	As at 30.06.2010 RM '000	As at 31.12.2009 RM'000
Amount approved and contracted for plant and machinery	2,730	1,781

**A15. RELATED PARTY TRANSACTIONS**

During the financial period under review, there were no related party transactions.



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. REVIEW OF PERFORMANCE**

For the current quarter under review, the Group achieved a revenue and profit before tax of RM15.35 million and RM3.15 million respectively.

For the six months period under review, the Group recorded a revenue, profit before tax and profit after tax of RM22.82 million, RM4.28 million and RM4.07 million respectively.

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

	Individual Quarter		Variance RM'000	Variance %
	30.06.2010 RM'000	31.03.2010 RM'000		
Revenue	15,353	7,462	7,891	105.75%
Profit before tax	3,150	1,132	2,018	178.27%

The Group's revenue for the current quarter under reviewed increased by RM7.89 million or 105.75% as compare to RM7.46 million registered in the preceding quarter. The increase in revenue was mainly attributable to the higher sales recorded on delivery of order for certain projects.

Due to the higher turnover recorded in the current quarter, the Group's profit before tax improved to RM3.15 million as compare with RM1.13 million achieved in the preceding quarter.

**B3. CURRENT YEAR PROSPECTS**

With the improving global economy coupled with strong demand for palm oil, demands for the Group's products and services are expected to grow steadily from the implementation of palm oil related projects. Nevertheless, the Group will continue to step up efforts in improving operation efficiency and cost reduction measures to remain competitive in the market. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall record positive performance for the financial year ending 31 December 2010.

**B4. VARIANCE FROM PROFIT FORECAST**

There is no profit forecast issued for the current financial period under review.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**B5. TAXATION**

Taxation for the quarter and year to date comprises:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30.6.2010 RM'000	Preceding Quarter Ended 30.6.2009 RM'000	Current Year To Date 30.6.2010 RM'000	Preceding Year To Date 30.6.2009 RM'000
Current Taxation	186	N/A	195	N/A
Deferred Taxation	0	N/A	14	N/A
	<u>186</u>	<u>N/A</u>	<u>209</u>	<u>N/A</u>

The effective tax rate of the Group is lower than the statutory tax rate mainly due to the availability of tax exemption granted under pioneer status to a subsidiary of the Company.

**B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES**

There was no sale of unquoted investments and properties for the financial period under review.

**B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the financial period under review.

**B8. STATUS OF CORPORATE PROPOSALS**

**a) Utilisation of Proceeds**

The gross proceeds from the Public Issue of RM13.65 million shall be utilised in the following manner:

Nature of utilisation	Time frame for utilisation from the date of the Listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)
Purchase of machineries	Within 2 years	3,000	2,730
Setup service offices in Indonesia, PNG and Nigeria	Within 2 years	1,500	-
Repayment of bank borrowings	Within 6 months	2,500	2,500
R&D expenditure	Within 1 year	500	438
Working capital	Within 1 year	4,350	-
Listing expenses	Within 3 months	1,800	1,842
Total		13,650	7,510



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 30 June 2010 are as follows:

	<b>Short Term (Secured) RM'000</b>	<b>Long Term (Secured) RM'000</b>	<b>Total RM'000</b>
Hire Purchase	265	275	540
Term loan	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b><u>265</u></b>	<b><u>275</u></b>	<b><u>540</u></b>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments for the current financial period to date.

**B11. MATERIAL LITIGATION**

There was no material litigation for the current financial period to date.

**B12. DIVIDEND PROPOSED**

The Board of Directors does not recommend any dividend for the current quarter under review.

**B13. EARNINGS PER SHARE**

The basic earnings per share ("EPS") for the current quarter are calculated based on the profit after tax ("PAT") and number of ordinary shares outstanding during the period as follows:

	<b>Current Quarter</b>	<b>Current Year To Date</b>
Profit After Taxation (RM'000)	2,964	4,073
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	3.22	4.43

**B14. RELATED PARTY TRANSACTIONS**

During the financial period under review, there were no related party transactions.



**MUAR BAN LEE GROUP BERHAD** (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**B15. AUTHORIZATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 23 August 2010.

**By Order of the Board**

Lee Hong Lim (MIA 12949)  
Company Secretary  
Muar  
23 August 2010