



# **MUAR BAN LEE GROUP BERHAD**

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR 3RD QUARTER ENDED 30 SEPTEMBER 2010**



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

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

|  | Individual Quarter<br>3 months ended |                      | Cumulative Quarter<br>9 months ended |                      |
|--|--------------------------------------|----------------------|--------------------------------------|----------------------|
|  | 30.09.2010<br>RM'000                 | 30.09.2009<br>RM'000 | 30.09.2010<br>RM'000                 | 30.09.2009<br>RM'000 |
| Revenue  | 7,816                                | 14,658               | 30,631                               | 14,658               |
| Cost of sales                                      | (4,756)                              | (9,375)              | (19,085)                             | (9,375)              |
| <b>Gross profit</b>                                | <b>3,060</b>                         | <b>5,283</b>         | <b>11,546</b>                        | <b>5,283</b>         |
| Other income                                       | 51                                   | 3,123                | 292                                  | 3,123                |
| Depreciation and amortisation                      | (323)                                | (206)                | (818)                                | (206)                |
| Administrative expenses                            | (1,830)                              | (2,084)              | (5,921)                              | (2,084)              |
| <b>Operating profit</b>                            | <b>958</b>                           | <b>6,116</b>         | <b>5,099</b>                         | <b>6,116</b>         |
| Interest Income                                    | 98                                   | 17                   | 259                                  | 17                   |
| Interest expense                                   | (8)                                  | (46)                 | (28)                                 | (46)                 |
| <b>Profit before tax</b>                           | <b>1,048</b>                         | <b>6,087</b>         | <b>5,330</b>                         | <b>6,087</b>         |
| Tax expense  | (20)                                 | (315)                | (229)                                | (315)                |
| <b>Profit for the period</b>                       | <b>1,028</b>                         | <b>5,772</b>         | <b>5,101</b>                         | <b>5,772</b>         |
| <b>Other Comprehensive Income, net of tax</b>      | <b>-</b>                             | <b>-</b>             | <b>-</b>                             | <b>-</b>             |
| <b>Total Comprehensive Income for the period</b>   | <b>1,028</b>                         | <b>5,772</b>         | <b>5,101</b>                         | <b>5,772</b>         |
| <b>Total Comprehensive Income attributable to:</b> |                                      |                      |                                      |                      |
| Shareholders of the Company                        | 1,028                                | 5,772                | 5,101                                | 5,772                |
| Minority interest                                  | -                                    | -                    | -                                    | -                    |
|  | <b>1,028</b>                         | <b>5,772</b>         | <b>5,101</b>                         | <b>5,772</b>         |
| Earnings per share (sen)                           |                                      |                      |                                      |                      |
| - Basic  | 1.12                                 | 14.80                | 5.54                                 | 14.80                |
| - Diluted  | N/A                                  | N/A                  | N/A                                  | N/A                  |

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.

Under the acquisition method for consolidation financial statement comparative figures for the preceding years; cumulative corresponding period are majorly comprised operating performance for 3 months results as where the subsidiaries are acquired on 30 June 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)<br>As at<br>30.09.2010<br>RM'000 | (Audited)<br>As at<br>31.12.2009<br>RM'000 |
|-------------------------------------|--|--|
| <b>ASSETS</b>                       |  |  |
| <b>Non-current assets</b>           |  |  |
| Property, plant and equipment       | 16,400                                       | 13,115                                     |
| Prepaid lease payments              | 284  | 289  |
| Held to maturity (HTM) investments  | 450  | -  |
|                                     | 17,134                                       | 13,404                                     |
| <b>Current assets</b>               |  |  |
| Inventories                         | 19,914                                       | 11,386                                     |
| Trade & other receivables           | 14,009                                       | 19,778                                     |
| Tax recoverable                     | 979  | 530  |
| Fixed deposits with licensed banks  | 14,010                                       | 16,628                                     |
| Cash and bank balances              | 5,687  | 4,694                                      |
|                                     | 54,599                                       | 53,016                                     |
| <b>TOTAL ASSETS</b>                 | 71,733                                       | 66,420                                     |
| <b>EQUITY AND LIABILITIES</b>       |  |  |
| <b>Equity</b>                       |  |  |
| Share capital                       | 46,000                                       | 46,000                                     |
| Share premium                       | 1,308  | 1,308                                      |
| Retained profits                    | 10,415                                       | 6,694                                      |
|                                     | 57,723                                       | 54,002                                     |
| <b>LIABILITIES</b>                  |  |  |
| <b>Non-current liabilities</b>      |  |  |
| Hire purchase payables              | 245  | 339  |
| Term loans                          | -  | 437  |
| Deferred taxation                   | 364  | 350  |
|                                     | 609  | 1,126                                      |
| <b>Current liabilities</b>          |  |  |
| Trade & other payables              | 13,154                                       | 10,920                                     |
| Hire purchase payables              | 229  | 172  |
| Taxation                            | 18   | -  |
| Term loans                          | -  | 200  |
|                                     | 13,401                                       | 11,292                                     |
| <b>Total liabilities</b>            | 14,010                                       | 12,418                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b> | 71,733                                       | 66,420                                     |
| Net assets per share (RM)           | 0.63   | 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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

|   | Attributable to Equity Holders of the Company |                            |                               |                    |                                | Total<br>Equity<br>RM'000 |
|---|---|----------------------------|-------------------------------|--------------------|--------------------------------|---------------------------|
|   | Non-Distributable                             |                            | Distributable                 |                    | Minority<br>Interest<br>RM'000 |                           |
|   | Share<br>Capital<br>RM'000                    | Share<br>Premium<br>RM'000 | Retained<br>Profits<br>RM'000 | Subtotal<br>RM'000 |                                |                           |
| <b>At 1 January 2009</b>                                | **  | -                          | (551)                         | (551)              | -                              | (551)                     |
| Issue of ordinary shares<br>pursuant to the Acquisition | 35,500  | -                          | -                             | 35,500             | -                              | 35,500                    |
| Total comprehensive income<br>for the period            | -   | -                          | 5,772                         | 5,772              | -                              | 5,772                     |
| <b>At 30 September 2009</b>                             | <b>35,500</b>                                 | <b>-</b>                   | <b>5,221</b>                  | <b>40,721</b>      | <b>-</b>                       | <b>40,721</b>             |
| ** denote RM2.00  |   |                            |                               |                    |                                |                           |
| <b>At 1 January 2010</b>                                | 46,000  | 1,308                      | 6,694                         | 54,002             | -                              | 54,002                    |
| Total comprehensive income<br>for the period            | -   | -                          | 5,101                         | 5,101              | -                              | 5,101                     |
| Dividends   | -   | -                          | (1,380)                       | (1,380)            | -                              | (1,380)                   |
| <b>At 30 September 2010</b>                             | <b>46,000</b>                                 | <b>1,308</b>               | <b>10,415</b>                 | <b>57,723</b>      | <b>-</b>                       | <b>57,723</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.*

*Under the acquisition method for consolidation financial statement, comparative figures for the preceding years; cumulative corresponding period are majorly comprised operating performance for 3 months results as where the subsidiaries are acquired on 30 June 2009.*



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

|  | Current Year<br>To-date                                  | Preceding Year<br>Corresponding<br>Period |
|--|--|---|
|  | 30.09.2010   | 30.09.2009                                |
|  | RM'000   | RM'000                                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |  |   |
| <b>Profit before taxation</b>                          | 5,330  | 6,087                                     |
| Adjustments for non-cash items:                        |  |   |
| Depreciation of property, plant & machinery            | 813  | 204                                       |
| Amortisation of prepaid lease payment                  | 5  | 2   |
| Interest expense                                       | 28   | 46  |
| Interest income  | (259)  | (17)                                      |
| Gain on disposal of property, plant & equipment        | (225)  | -   |
| Recognition of negative goodwill                       | -  | (3,104)                                   |
| <b>Operating profit before working capital changes</b> | 5,692  | 3,218                                     |
| <b>Changes in working capital</b>                      |  |   |
| (Increase) / Decrease in inventories                   | (8,528)  | 926                                       |
| (Increase) / Decrease in trade & other receivables     | 5,769  | (3,692)                                   |
| Increase in trade & other payables                     | 2,234  | 2,576                                     |
| <b>Cash generated from operations</b>                  | 5,167  | 3,028                                     |
| Interest paid  | (28)   | (46)                                      |
| Income tax paid  | (646)  | (212)                                     |
| Interest received                                      | 259  | 17  |
| <b>Net cash generated from operating activities</b>    | 4,752  | 2,787                                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |  |   |
| Purchase of property, plant and equipment              | (4,094)  | (34)                                      |
| Acquisition of subsidiaries                            | -  | 7,495                                     |
| Purchase of other investment                           | (450)  | -   |
| Proceed from disposal of property, plant & equipment   | 420  | -   |
| <b>Net cash used in investing activities</b>           | (4,124)  | 7,461                                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |  |   |
| Dividend paid  | (1,380)  | -   |
| Repayment of hire purchase payables                    | (237)  | (67)                                      |
| Repayment of term loans                                | (637)  | (191)                                     |
| <b>Net cash used in financing activities</b>           | (2,254)  | (258)                                     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>       | (1,626)  | 9,990                                     |
| Cash and cash equivalents at beginning of period       | 19,668   | -   |
| <b>Cash and cash equivalents at end of period</b>      | 18,042   | 9,990                                     |
| Note:  | <b><u>Cash and Cash Equivalents at end of period</u></b> |   |
| Cash and bank balances                                 | 5,687  | 5,106                                     |
| Short term deposits with licensed banks                | 14,010   | 5,884                                     |
| Fixed deposits pledged                                 | (1,639)  | (956)                                     |
| Unrealised exchange loss                               | (16)   | (44)                                      |
|  | 18,042   | 9,990                                     |

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.

Under the acquisition method for consolidation financial statement, comparative figures for the preceding years; cumulative corresponding period are majorly comprised operating performance for 3 months results as where the subsidiaries are acquired on 30 June 2009.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 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<br>Consolidated and Separate Financial Statements: Cost of an<br>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<br>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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2010**

**A8. DIVIDEND PAID**

There were no dividends paid during the financial period under review.

**A9. SEGMENTAL INFORMATION**

Segmental reporting for the 9 months ended 30 September 2010.

|                              | Investment<br>holding<br>RM '000 | Manufacturing<br>RM '000 | Elimination<br>RM '000 | Consolidated<br>RM '000 |
|------------------------------|----------------------------------|--------------------------|------------------------|-------------------------|
| <b>Revenue</b>               |                                  |                          |                        |                         |
| External sales               | -                                | 30,631                   | -                      | 30,631                  |
| Inter-company transactions   | -                                | 1,543                    | (1,543)                | -                       |
| Dividend income              | 2,200                            | -                        | (2,200)                | -                       |
|                              | <u>2,200</u>                     | <u>32,174</u>            | <u>(3,743)</u>         | <u>30,631</u>           |
| <b>Segmental result</b>      | (104)                            | 5,203                    | -                      | 5,099                   |
| Finance costs                |                                  |                          |                        | (28)                    |
| Interest income              |                                  |                          |                        | <u>259</u>              |
| <b>Profit before tax</b>     |                                  |                          |                        | 5,330                   |
| Taxation                     |                                  |                          |                        | <u>(229)</u>            |
| <b>Profit for the period</b> |                                  |                          |                        | <u><u>5,101</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.

**A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The contingent liabilities of the Group are as follows:

|   | 30.09.2010<br>RM '000 | 31.12.2009<br>RM '000 |
|---|-----------------------|-----------------------|
| Corporate Guarantee to financial institutions<br>for facilities granted to subsidiary companies | <u>10,000</u>         | <u>NIL</u>            |



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2010**

**A14. CAPITAL COMMITMENTS**

There were no outstanding capital commitments at the end of the quarter under review.

**A15. RELATED PARTY TRANSACTIONS**

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



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

**B1. REVIEW OF PERFORMANCE**

|                   | Individual Quarter<br>(3 months ended) |            | Cumulative Quarter<br>(9 months ended) |            |
|-------------------|--|------------|--|------------|
|                   | 30.09.2010                             | 30.09.2009 | 30.09.2010                             | 30.09.2009 |
|                   | RM'000                                 | RM'000     | RM'000                                 | RM'000     |
| Revenue           | 7,816                                  | 14,658     | 30,631                                 | 14,658     |
| Profit before tax | 1,048                                  | * 6,087    | 5,330                                  | * 6,087    |

For the current individual quarter under review, the Group revenue of RM7.82 million is 46.7% lower than RM14.67 million registered in the preceding year's corresponding quarter. Whilst, the Group's profit before tax has reduced to RM1.05 million from RM2.98 million recorded in the preceding year's corresponding quarter (excluding the recognition of negative goodwill of RM3.104 million \*).

The lower revenue and profit before tax were mainly attributable to the lower project sales in quarter under reviewed.

For the current cumulative nine-month quarter under review, the Group's revenue stood at RM30.63 million as compare to RM14.66 million recorded in the preceding year's cumulative corresponding quarter. The Group recorded profit before tax of RM5.33 million in the current year as compare to RM2.98 million (excluding the recognition of negative goodwill of RM3.104 million \*) registered in the preceding year's corresponding quarter.

Please note that under the acquisition method for consolidation financial statement, the comparative figures for the preceding years; cumulative corresponding period are majorly comprised operating performance for 3 months results as where the subsidiaries was acquired on 30 June 2009.

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

|                   | Individual Quarter |            | Variance<br>RM'000 | Variance<br>% |
|-------------------|--------------------|------------|--------------------|---------------|
|                   | 30.09.2010         | 30.06.2010 |                    |               |
|                   | RM'000             | RM'000     |                    |               |
| Revenue           | 7,816              | 15,353     | -7,537             | -49.1%        |
| Profit before tax | 1,048              | 3,150      | -2,102             | -66.7%        |

The Group's revenue for the current quarter reduced by RM7.54 million or 49.1% as compare to RM15.35 million registered in the immediate preceding quarter. The profit before tax was also lower at RM1.05 million as compare to RM3.15 million recorded in the previous quarter.

The lower turnover and profit before tax registered in the current quarter were mainly due to the lower project sales in the current quarter.

**B3. CURRENT YEAR PROSPECTS**

The current crude palm oil (CPO) price which is over RM3,100 per metric ton will still remain bullish as the world's palm and soybean oils production might fail to match greater increase in demand from India, China and other countries as showed by the US Department of Agriculture data.

This positive sentiment will trigger faster oil palm projects implementation and expansion and benefit our Group's business. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will register satisfactory results 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.

**B5. TAXATION**

Taxation for the quarter and year to date comprises:

|                   | Current Quarter<br>Ended<br>30.9.2010<br>RM'000 | Current Year<br>To Date<br>30.9.2010<br>RM'000 |
|-------------------|---|--|
| Current Taxation  | 20  | 215  |
| Deferred Taxation | 0   | 14   |
|                   | 20  | 229  |

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<br>utilisation from the date<br>of the Listing | Proposed<br>utilisation<br>(RM'000) | Actual<br>utilisation<br>(RM'000) |
|--|---|-------------------------------------|-----------------------------------|
| Purchase of machineries                                | Within 2 years  | 3,000                               | 2,730                             |
| Setup service offices in<br>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                                 | 500                               |
| Working capital  | Within 1 year   | 4,350                               | 4,350                             |
| Listing expenses                                       | Within 3 months   | 1,800                               | 1,842                             |
| <b>Total</b>   |   | <b>13,650</b>                       | <b>11,922</b>                     |



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2010**

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

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

|               | <b>Short Term<br/>(Secured)<br/>RM'000</b> | <b>Long Term<br/>(Secured)<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------|--|---|-------------------------|
| Hire Purchase | <u>229</u>                                 | <u>245</u>                                | <u>474</u>              |
| <b>TOTAL</b>  | <b><u>229</u></b>                          | <b><u>245</u></b>                         | <b><u>474</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<br/>Quarter</b> | <b>Current Year<br/>To Date</b> |
|----------------------------------|----------------------------|---------------------------------|
| Profit After Taxation (RM'000)   | 1,028                      | 5,101                           |
| Number of ordinary shares ('000) | 92,000                     | 92,000                          |
| EPS (Sen)                        | 1.12                       | 5.54                            |

**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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 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 November 2010.

**By Order of the Board**

Lee Hong Lim (MIA 12949)  
Company Secretary  
Muar  
25 November 2010