



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 1ST QUARTER ENDED 31 MARCH 2011



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2011

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Revenue	11,063	7,462	11,063	7,462
Cost of sales	(6,079)	(4,290)	(6,079)	(4,290)
Gross profit	4,984	3,172	4,984	3,172
Other income	7	130	7	130
Depreciation and amortisation	(338)	(222)	(338)	(222)
Administrative expenses	(2,685)	(2,008)	(2,685)	(2,008)
Operating profit	1,968	1,072	1,968	1,072
Interest Income	37	74	37	74
Interest expense	(6)	(14)	(6)	(14)
Profit before tax	1,999	1,132	1,999	1,132
Tax expense	(76)	(23)	(76)	(23)
Profit for the period	1,923	1,109	1,923	1,109
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	1,923	1,109	1,923	1,109
Total Comprehensive Income attributable to:				
Shareholders of the Company	1,923	1,109	1,923	1,109
Minority interest	-	-	-	-
	1,923	1,109	1,923	1,109
Earnings per share (sen)				
- Basic	2.09	1.21	2.09	1.21
- 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 2010 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 FINANCIAL POSITION AS AT 31 MARCH 2011

	(Unaudited) As at 31.03.2011 RM'000	(Audited) As at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,341	16,604
Available for sales	450	450
	16,791	17,054
Current assets		
Inventories	26,590	23,466
Trade & other receivables	17,432	16,194
Tax recoverable	693	1,126
Fixed deposits with licensed banks	9,338	7,547
Cash and bank balances	3,911	4,975
	57,964	53,308
TOTAL ASSETS	74,755	70,362
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Retained profits	13,072	11,149
	60,230	58,307
LIABILITIES		
Non-current liabilities		
Hire purchase payables	168	207
Deferred taxation	823	780
	991	987
Current liabilities		
Trade & other payables	13,251	10,867
Hire purchase payables	178	201
Derivative liabilities	105	-
	13,534	11,068
Total liabilities	14,525	12,055
TOTAL EQUITY AND LIABILITIES	74,755	70,362
Net assets per share (RM)	0.65	0.63

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 2010 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 FIRST QUARTER ENDED 31 MARCH 2011

Attributable to Equity Holders of the Company

	Non-Distributable		Distributable	Subtotal	Minority Interest	Total Equity
	Share Capital	Share Premium	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	46,000	1,158	11,149	58,307	-	58,307
Total comprehensive income for the period	-	-	1,923	1,923	-	1,923
At 31 March 2011	-	-	13,072	60,230	-	60,230
At 1 January 2010	46,000	1,308	6,694	54,002	-	54,002
Total comprehensive income for the period	-	-	1,109	1,109	-	1,109
At 31 March 2010	46,000	1,308	7,803	55,111	-	55,111

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 2010 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 FIRST QUARTER ENDED 31 MARCH 2011

	Current Year To-date	Preceding Year Corresponding Period
	31.03.2011 RM'000	31.03.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,999	1,132
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	338	222
Interest expense	6	14
Interest income	(37)	(74)
Fair value loss in forward contract	105	-
Gain on disposal of property, plant & equipment	-	(125)
Operating profit before working capital changes	2,411	1,169
Changes in working capital		
Increase in inventories	(3,124)	(3,194)
(Increase) / Decrease in trade & other receivables	(1,238)	1,305
Increase in trade & other payables	3,764	1,268
Cash generated from operations	1,813	548
Interest paid	(6)	(14)
Income tax paid	(205)	(213)
Income tax refund	605	-
Interest received	37	74
Net cash generated from operating activities	2,244	395
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75)	(506)
Proceed from disposal of property, plant & equipment	-	170
Net cash used in investing activities	(75)	(336)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(62)	(65)
Repayment of term loans	-	(637)
Dividend paid	(1,380)	-
Net cash used in financing activities	(1,442)	(702)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	727	(643)
Cash and cash equivalents at beginning of period	10,102	19,668
Cash and cash equivalents at end of period	10,829	19,025
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	3,911	7,704
Short term deposits with licensed banks	9,338	12,975
Fixed deposits pledged	(2,263)	(1,638)
Unrealised exchange gain	(157)	(16)
	10,829	19,025

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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2011**

**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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except as disclosed in A2 below.

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 2010, 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 2011:

FRS 127, Consolidated and Separate Financial Statements

FRS 3, Business Combinations

Amendment to FRS 3, Business Combinations

Amendment to FRS 7, Improving Disclosures about Financial Instruments

Amendment to FRS 7, Financial Instruments: Disclosures

Amendment to FRS 101, Presentation of Financial Statements

Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates

Amendment to FRS 128, Investments in Associates

Amendment to FRS 132, Financial Instruments: Presentation

Amendment to FRS 134, Interim Financial Reporting

Amendment to FRS 139, Financial Instruments: Recognition and Measurement

The Group and the Company has not adopted the following standards and interpretation that has been issued but not yet effective:

FRS/Interpretations	Effective for the financial periods beginning on or after
FRS 124, <i>Related Party Disclosures</i>	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.



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

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Revised FRS 3 *Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010.

These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*.

The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

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 1st QUARTER ENDED 31 MARCH 2011**

A8. DIVIDEND PAID

The declared interim single tier tax exempt dividend of 1.5 sen per share for the year ended 31 December 2010, amounting to RM1,380,000.00 and was paid on 27 January 2011.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 3 months ended 31 March 2011.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	11,063	-	11,063
Inter-company transactions	-	774	(774)	-
Dividend income	-	-	-	-
	-	11,837	(774)	11,063
Segmental result	(41)	2,009	-	1,968
Finance costs				(6)
Interest income				37
Profit before tax				1,999
Taxation				(76)
Profit for the period				1,923

Segmental reporting for the 3 months ended 31 March 2010.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	7,462	-	7,462
Inter-company transactions	-	247	(247)	-
Dividend income	-	-	-	-
	-	7,709	(247)	7,462
Segmental result		1,072	-	1,072
Finance costs				(14)
Interest income				74
Profit before tax				1,132
Taxation				(23)
Profit for the period				1,109



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

There were no contingent liabilities and contingent assets in the financial period under review.

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.

A16. DISCLOSURE OF DERIVATIVES

As at the date of this report, the Group outstanding forward contracts to sell USD dollars with the licensed banks are as follows:

Type of Derivatives	Contract / Notional Value (RM million)	Value at closing rate (RM million)
USD Foreign Exchange Contract		
- Less than 1 year	12.012	11.907
- 1 year to 3 years	-	-
- More than 3 years	-	-
TOTAL	12.012	11.907

The USD contracts were entered to hedge the export sales revenue denominated in US Dollars with view to minimize the Group's exposure to losses resulting from fluctuation in foreign currency exchange rates.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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During the quarter ended 31 March 2011, there were no significant changes to the Group's exposures to credit risk, market risk and liquidity risk since the last financial year. In addition, there have been no changes to the Group's financial risk management objectives, policies and processes since the previous financial year end.

The forward contract do not qualify for hedge accounting under FRS 139, thus, the exchange losses arising from the changes in foreign exchange closing rate and forward rate in USD forward contract amounting to RM105,000 was recognised in the current quarter ended.

A17 GAIN/LOSS ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There is no gain / loss arising from fair value changes of financial liabilities for the quarter ended 31 March 2011.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2011**

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

B1. REVIEW OF PERFORMANCE

	Individual Quarter (3 months ended)		Cumulative Quarter (3 months ended)	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Revenue	11,063	7,462	11,063	7,462
Profit before tax	1,999	1,132	1,999	1,132

For the current quarter under review, the Group's revenue improved to RM11.06 million or 48.3% higher than RM7.46 million registered in the preceding year's corresponding quarter. As a result of higher revenue, the Group's profit before tax ('PBT') in the quarter under review increased to RM2.00 million as compare with RM1.13 million recorded in the preceding year's corresponding quarter. The increase in both revenue and PBT was mainly attributable to higher sales recognised in the current quarter.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Individual Quarter		Variance RM'000	Variance %
	31.03.2011 RM'000	31.12.2010 RM'000		
Revenue	11,063	13,454	-2,391	-17.8%
Profit before tax	1,999	2,598	-599	-23.1%

The Group's revenue for the current quarter was lower at RM11.06 million as compare to RM13.45 million registered in the immediate preceding quarter. The profit before tax was also lower at RM2.00 million as compare to RM2.60 million recorded in the previous quarter.

The lower turnover and PBT registered in the current quarter were mainly due to non production days as factories were closed in conjunction to Chinese New Year holiday for a week.

B3. CURRENT YEAR PROSPECTS

Despite the current challenging business environment, the Board will strive to improve productivity and efficiency while enhance customer services to remain competitive in the industry. 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 2011.

B4. VARIANCE FROM PROFIT FORECAST

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2011**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 31.03.2011 RM'000	Current Year To Date 31.03.2011 RM'000
Current Taxation	33	33
Deferred Taxation	43	43
	76	76

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	3,000
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	500
Working capital	Within 1 year	4,350	4,350
Listing expenses	Within 3 months	1,800	1,992
Total		13,650	12,342



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2011**

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2011 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>178</u>	<u>168</u>	<u>346</u>
TOTAL	<u>178</u>	<u>168</u>	<u>346</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the date of this report, the Group did not have any financial instruments with off balance sheet risks.

B11. MATERIAL LITIGATION

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

B12. DIVIDEND PROPOSED

The Board of Directors has propose a final dividend of 1.5 sen per share single tier tax exempt dividend for the year ended 31 December 2010 amounting to RM1.38 million which is subject to shareholders' approval at the forthcoming Annual General Meeting.

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:

	Current Quarter	Current Year To Date
Profit After Taxation (RM'000)	1,923	1,923
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	2.09	2.09

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
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B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained profit of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive given by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), is as follows:

	Group RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	47,300
- Unrealised	(928)
Less: Consolidation adjustments	(33,300)
Retained profits as per financial statement	<u>13,072</u>

B16. 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 27 May 2011.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
27 May 2011