



MUAR BAN LEE GROUP BERHAD

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 3RD QUARTER ENDED 30 SEPTEMBER 2011**



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 2011

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Revenue	17,694	7,816	42,555	30,631
Cost of sales	(11,011)	(4,756)	(25,261)	(19,085)
Gross profit	6,683	3,060	17,294	11,546
Other income	673	51	713	292
Depreciation and amortisation	(341)	(323)	(1,017)	(818)
Administrative expenses	(2,962)	(1,830)	(8,166)	(5,921)
Operating profit	4,053	958	8,824	5,099
Interest Income	106	98	206	259
Interest expense	(3)	(8)	(14)	(28)
Profit before tax	4,156	1,048	9,016	5,330
Tax expense	(100)	(20)	(198)	(229)
Profit for the period	4,056	1,028	8,818	5,101
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	4,056	1,028	8,818	5,101
Total Comprehensive Income attributable to:				
Shareholders of the Company	4,056	1,028	8,818	5,101
Minority interest	-	-	-	-
	4,056	1,028	8,818	5,101
Earnings per share (sen)				
- Basic	4.41	1.12	9.58	5.54
- 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 30 SEPTEMBER 2011

	(Unaudited) As at 30.09.2011 RM'000	(Audited) As at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,690	16,604
Investment in associated company	30	-
Available for sales	450	450
	16,170	17,054
Current assets		
Inventories	22,972	23,466
Trade & other receivables	18,014	16,194
Tax recoverable	877	1,126
Fixed deposits with licensed banks	16,744	7,547
Cash and bank balances	2,875	4,975
	61,482	53,308
TOTAL ASSETS	77,652	70,362
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Retained profits	18,587	11,149
	65,745	58,307
LIABILITIES		
Non-current liabilities		
Hire purchase payables	93	207
Deferred taxation	898	780
Derivative liabilities	565	-
	1,556	987
Current liabilities		
Trade & other payables	10,257	10,867
Hire purchase payables	94	201
	10,351	11,068
Total liabilities	11,907	12,055
TOTAL EQUITY AND LIABILITIES	77,652	70,362
Net assets per share (RM)	0.71	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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Attributable to Equity Holders of the Company					Total Equity
	Non-Distributable		Distributable	Subtotal	Minority Interest	
	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	-	-	8,818	8,818	-	8,818
Dividends	-	-	(1,380)	(1,380)	-	(1,380)
At 30 September 2011	46,000	1,158	18,587	65,745	-	65,745
At 1 January 2010	46,000	1,308	6,694	54,002	-	54,002
Total comprehensive income for the period	-	-	5,101	5,101	-	5,101
Dividends	-	-	(1,380)	(1,380)	-	(1,380)
At 30 September 2010	46,000	1,308	10,415	57,723	-	57,723

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current Year To-date	Preceding Year Corresponding Period
	30.09.2011 RM'000	30.09.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,016	5,330
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	1,017	818
Interest expense	14	28
Interest income	(206)	(259)
Fair value loss in forward contract	565	-
Gain on disposal of property, plant & equipment	-	(225)
Operating profit before working capital changes	10,406	5,692
Changes in working capital		
(Increase) / Decrease in inventories	494	(8,528)
(Increase) / Decrease in trade & other receivables	(1,820)	5,769
(Decrease) / Increase in trade & other payables	(610)	2,234
Cash generated from operations	8,470	5,167
Interest paid	(14)	(28)
Income tax paid	(436)	(646)
Income tax refund	605	-
Interest received	206	259
Net cash generated from operating activities	8,831	4,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(103)	(4,094)
Purchase of other investment	-	(450)
Investment in associated company	(30)	-
Proceed from disposal of property, plant & equipment	-	420
Net cash used in investing activities	(133)	(4,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(221)	(237)
Repayment of term loans	-	(637)
Dividend paid	(1,380)	(1,380)
Net cash used in financing activities	(1,601)	(2,254)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	7,097	(1,626)
Cash and cash equivalents at beginning of period	10,102	19,668
Cash and cash equivalents at end of period	17,199	18,042
Note:	<u>Cash and Cash Equivalents at end of period</u>	
Cash and bank balances	2,875	5,687
Short term deposits with licensed banks	16,744	14,010
Fixed deposits pledged	(2,263)	(1,639)
Unrealised exchange gain	(157)	(16)
	17,199	18,042

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 3RD QUARTER ENDED 30 SEPTEMBER 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 3RD QUARTER ENDED 30 SEPTEMBER 2011**

A8. DIVIDEND PAID

The declared single tier tax exempt interim dividend of 2.5 sen per share in respect of financial year ended 31 December 2011, amounting to RM2,300,000 will be paid on 16 December 2011 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 2 December 2011.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 9 months ended 30 September 2011.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	42,555	-	42,555
Inter-company transactions	-	2,862	(2,862)	-
Dividend income	1,000	-	(1,000)	-
	<u>1,000</u>	<u>45,417</u>	<u>(3,862)</u>	<u>42,555</u>
Segmental result	(92)	8,916	-	8,824
Finance costs				(14)
Interest income				<u>206</u>
Profit before tax				9,016
Taxation				<u>(198)</u>
Profit for the period				<u><u>8,818</u></u>

Segmental reporting for the 9 months ended 30 September 2010.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
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>
Segmental result	(104)	5,203	-	5,099
Finance costs				(28)
Interest income				<u>259</u>
Profit before tax				5,330
Taxation				<u>(229)</u>
Profit for the period				<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

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	10.604	10.039
- 1 year to 3 years	-	-
- More than 3 years	-	-
TOTAL	10.604	10.039

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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011**

During the quarter ended 30 September 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 RM565,000 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 30 September 2011.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 (9 months ended)	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Revenue	17,694	7,816	42,555	30,631
Profit before tax	4,156	1,048	9,016	5,330

For the current quarter under review, the Group's revenue surged to RM17.69 million as compare with RM7.82 million registered in the preceding year's corresponding quarter. The higher revenue is mainly due to the higher sales registered. As a result of the higher revenue, the profit before tax improved to RM4.16 million as compare with RM1.05 million recorded in the preceding year's corresponding quarter.

For the nine months period under review, the Group recorded a revenue and profit before tax of RM42.56 million and RM9.02 million as compare with RM30.63 million and RM5.33 million recorded in the preceding year's corresponding period. The increase in both revenue and profit before tax was mainly attributable to higher sales registered in the current period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Individual Quarter		Variance RM'000	Variance %
	30.09.2011 RM'000	30.06.2011 RM'000		
Revenue	17,694	13,798	3,896	28.2%
Profit before tax	4,156	2,861	1,295	45.3%

The Group's revenue for the current quarter improved to RM17.69 million as compare with RM13.80 million registered in the immediate preceding quarter. Due to the higher revenue, the profit before tax increased to RM4.16 million as compare to RM2.86 million recorded in the previous quarter.

The better results were mainly due the higher sales recorded in the current quarter.

B3. CURRENT YEAR PROSPECTS

The stalling US economy coupled with the escalating European debt crisis is affecting the global economy. Therefore, the Group will strive to mitigate the potential risks or impacts arising from the slowing economy. 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 3RD QUARTER ENDED 30 SEPTEMBER 2011**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 30.09.2011 RM'000	Current Year To Date 30.09.2011 RM'000
Current Taxation	25	80
Deferred Taxation	75	118
	100	198

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	1,474
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	13,816



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011**

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 September 2011 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>94</u>	<u>93</u>	<u>187</u>
TOTAL	<u>94</u>	<u>93</u>	<u>187</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 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:

	Current Quarter	Current Year To Date
Profit After Taxation (RM'000)	4,056	8,818
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	4.41	9.58

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 3RD QUARTER ENDED 30 SEPTEMBER 2011**

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	53,350
- Unrealised	(1,463)
Less: Consolidation adjustments	(33,300)
Retained profits as per financial statement	<u>18,587</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 29 November 2011.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
29 November 2011