



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 4TH QUARTER ENDED 31 DECEMBER 2011



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2011

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	12,507	13,454	55,062	44,085
Cost of sales	(5,338)	(8,149)	(30,599)	(27,234)
Gross profit	7,169	5,305	24,463	16,851
Other income	909	107	1,622	399
Depreciation and amortisation	(336)	(335)	(1,353)	(1,153)
Administrative expenses	(4,496)	(2,567)	(12,662)	(8,488)
Operating profit	3,246	2,510	12,070	7,609
Interest Income	122	95	328	354
Interest expense	(4)	(7)	(18)	(35)
Profit before tax	3,364	2,598	12,380	7,928
Tax expense	9	(484)	(189)	(713)
Profit for the period	3,373	2,114	12,191	7,215
Other Comprehensive Income				
Revaluation of land and building	3,299	-	3,299	-
Transferred to deferred tax	(365)	-	(365)	-
Other Comprehensive Income, net of tax	2,934	-	2,934	-
Total Comprehensive Income for the period	6,307	2,114	15,125	7,215
Profit attributable to:				
Owners of the Company	3,390	2,114	12,208	7,215
Non-controlling interest	(17)	-	(17)	-
Profit for the period	3,373	2,114	12,191	7,215
Total Comprehensive Income attributable to:				
Owners of the Company	6,324	2,114	15,142	7,215
Non-controlling interest	(17)	-	(17)	-
Total Comprehensive Income for the period	6,307	2,114	15,125	7,215
Earnings per share (sen)				
- Basic	3.67	2.30	13.25	7.84
- 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 DECEMBER 2011

	(Unaudited) As at 31.12.2011 RM'000	(Audited) As at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,795	16,604
Intangible assets	430	-
Other investment	450	450
	19,675	17,054
Current assets		
Inventories	26,143	23,466
Trade & other receivables	19,688	16,194
Tax recoverable	820	1,126
Fixed deposits with licensed banks	13,063	7,547
Cash and bank balances	5,498	4,975
	65,212	53,308
TOTAL ASSETS	84,887	70,362
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Revaluation reserves	2,934	-
Retained profits	19,677	11,149
Shareholder's equity	69,769	58,307
Non-controlling interest	53	-
Total equity	69,822	58,307
Non-current liabilities		
Hire purchase payables	175	207
Deferred taxation	1,161	780
	1,336	987
Current liabilities		
Trade & other payables	13,503	10,867
Hire purchase payables	129	201
Derivative liabilities	97	-
	13,729	11,068
Total liabilities	15,065	12,055
TOTAL EQUITY AND LIABILITIES	84,887	70,362
Net assets per share (RM)	0.76	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 FORTH QUARTER ENDED 31 DECEMBER 2011

	Attributable to Equity Holders of the Company						Total Equity RM'000
	Non-Distributable			Distributable		Non-controlling interest RM'000	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Subtotal RM'000		
At 1 January 2011	46,000	1,158	-	11,149	58,307	-	58,307
Total comprehensive income for the period	-	-	2,934	12,208	15,142	53	15,195
Dividends	-	-	-	(3,680)	(3,680)	-	(3,680)
At 31 December 2011	46,000	1,158	2,934	19,677	69,769	53	69,822
At 1 January 2010	46,000	1,308	-	6,694	54,002	-	54,002
Listing expenses	-	-	-	(150)	(150)	-	(150)
Total comprehensive income for the period	-	-	-	7,215	7,215	-	7,215
Dividends	-	-	-	(2,760)	(2,760)	-	(2,760)
At 31 December 2010	46,000	1,308	-	10,999	58,307	-	58,307

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 FOURTH QUARTER ENDED 31 DECEMBER 2011

	Current Year To-date	Preceding Year Corresponding Period
	31.12.2011 RM'000	31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,380	7,928
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	1,353	1,153
Interest expense	18	35
Interest income	(328)	(354)
Realised / unrealised exchange difference	-	(141)
Impairment loss on property, plant & machinery	481	-
Fair value derivatives	97	-
Loss on disposal of property, plant & equipment	23	-
Gain on disposal of property, plant & equipment	(76)	(225)
Operating profit before working capital changes	13,948	8,396
Changes in working capital		
Increase in inventories	(2,677)	(12,079)
(Increase) / Decrease in trade & other receivables	(3,337)	3,084
Increase in trade & other payables	2,636	447
Cash generated from operations	10,570	(152)
Interest paid	-	(35)
Income tax paid	(472)	(878)
Income tax refund	605	-
Net cash generated from operating activities	10,703	(1,065)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(430)	-
Acquisition of subsidiaries, net of cash acquire	70	-
Interest received	328	354
Purchase of property, plant and equipment	(1,058)	(4,350)
Purchase of other investment	-	(450)
Proceed from disposal of property, plant & equipment	385	420
Net cash used in investing activities	(705)	(4,026)
CASH FLOWS FROM FINANCING ACTIVITIES		
Listing expenses	-	(150)
Placement of fixed deposit	664	(625)
Repayment of hire purchase payables	(122)	(303)
Repayment of term loans	-	(637)
Dividend paid	(3,680)	(2,760)
Net cash used in financing activities	(3,138)	(4,475)
NET DECREASE IN CASH AND CASH EQUIVALENTS	6,860	(9,566)
Cash and cash equivalents at beginning of period	10,102	19,668
Cash and cash equivalents at end of period	16,962	10,102
Note:	<u>Cash and Cash Equivalents at end of period</u>	
Cash and bank balances	5,498	4,975
Short term deposits with licensed banks	13,063	7,547
Fixed deposits pledged	(1,599)	(2,263)
Unrealised exchange gain	-	(157)
	16,962	10,102

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 4TH QUARTER ENDED 31 DECEMBER 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

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.

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.



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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.

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

Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC15), including its parent, significant investor and vent user.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The change in the financial reporting framework is not expected to have any significant impact on the financial positions and performance of the Group.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

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.

A8. DIVIDEND PAID

The declared single tier tax exempt 1st interim dividend of 2.5 sen per share for the year ended 31 December 2011, amounting to RM2,300,000 was paid on 16 December 2011.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 12 months ended 31 December 2011.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	55,062	-	55,062
Inter-company transactions	-	4,040	(4,040)	-
Dividend income	5,500	-	(5,500)	-
	<u>5,500</u>	<u>59,102</u>	<u>(9,540)</u>	<u>55,062</u>
Segmental result	153	11,917	-	12,070
Finance costs				(18)
Interest income				<u>328</u>
Profit before tax				12,380
Taxation				<u>(189)</u>
Profit for the period				<u><u>12,191</u></u>



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

Segmental reporting for the 12 months ended 31 December 2010.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	44,085	-	44,085
Inter-company transactions	-	1,663	(1,663)	-
Dividend income	2,700	-	(2,700)	-
	<u>2,700</u>	<u>45,748</u>	<u>(4,363)</u>	<u>44,085</u>
Segmental result	(63)	7,672	-	7,609
Finance costs				(35)
Interest income				354
Profit before tax				<u>7,928</u>
Taxation				<u>(713)</u>
Profit for the period				<u><u>7,215</u></u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group has revalued its property, land and buildings during the financial period under review. A revaluation reserve of RM3,298,885 was recognised for assets valued higher than its carrying value. Hence, the deferred tax liabilities of RM365,245 was recorded in the current period.

On the other hand, an impairment losses of RM480,938 was recognised for certain land and property for carrying value lower than its fair value.

A11. MATERIAL SUBSEQUENT EVENTS

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

A12. CHANGES IN THE COMPOSITION OF THE GROUP

The Group has acquired MBL Biotech Sdn Bhd and M2 Vessel Sdn Bhd during the quarter. The result of the both subsidiary companies were consolidated in the Group's account accordingly.

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

The related party transactions are secretarial fee for the subsidiary companies amounting to RM3,700.00 paid to Tan Commercial Management Services Sdn. Bhd. of which one of the director has interest over the company and able to exercise control. The transactions have been entered into in the normal course of business.

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	6.339	6.242
- 1 year to 3 years	-	-
- More than 3 years	-	-
TOTAL	6.339	6.242

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.

During the quarter ended 31 December 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 RM97,000 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 December 2011.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 (12 months ended)	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	12,507	13,454	55,062	44,085
Profit after tax "PAT"	3,373	2,114	12,191	7,215

For the current quarter under review, the Group's revenue stood at RM12.51 million as compare with RM13.45 million registered in the preceding year's corresponding quarter. However, the PAT improved to RM3.37 million from RM2.11 million recorded in the preceding year's corresponding quarter.

For the 12 months period under review, the Group recorded a revenue of RM55.06 million and as compare with RM44.09 million recorded in the preceding year's corresponding period. The PAT has increased to RM12.19 million from RM7.22 million registered in the preceding year's corresponding period. The higher revenue and PAT was mainly attributable to higher contribution from project sales.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue for the current quarter was lower at RM12.51 million as compare with RM17.69 million registered in the immediate preceding quarter. As a result of lower revenue, the profit after tax was lower at RM3.37 million as compare to RM4.06 million recorded in the previous quarter. This is mainly due to lower sales recorded in the current quarter.

B3. CURRENT YEAR PROSPECTS

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 2012.

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 Ended 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
Taxation		
- current year	190	270
- Over provision in prior year	(97)	(97)
Deferred Taxation		
- Over provision in current year	(102)	16
	(9)	189

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	1,500
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	13,842



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B9. GROUP BORROWINGS AND DEBT SECURITIES

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

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>129</u>	<u>175</u>	<u>304</u>
TOTAL	<u>129</u>	<u>175</u>	<u>304</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 DECLARED

The Board of Directors declared a 2nd interim dividend of 3.0 sen per share single tier tax exempt dividend for the year ended 31 December 2011 amounting to RM2.76 million to be paid on 18 April 2012.

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)	3,373	12,191
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	3.67	13.25

B14. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM3,700.00 due to Tan Commercial Management Services Sdn. Bhd. of which one of the director has interest over the company and able to exercise control. The transactions have been entered into in the normal course of business.



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**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	54,218
- Unrealised	(1,258)
Less: Consolidation adjustments	(33,283)
Retained profits as per financial statement	<u>19,677</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 February 2012.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
28 February 2011