



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 1ST QUARTER ENDED 31 MARCH 2012



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 2012

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue	24,353	11,063	24,353	11,063
Cost of sales	(14,062)	(6,079)	(14,062)	(6,079)
Gross profit	10,291	4,984	10,291	4,984
Other income	132	7	132	7
Depreciation and amortisation	(331)	(338)	(331)	(338)
Administrative expenses	(3,576)	(2,685)	(3,576)	(2,685)
Operating profit	6,516	1,968	6,516	1,968
Interest Income	80	37	80	37
Interest expense	(4)	(6)	(4)	(6)
Profit before tax	6,592	1,999	6,592	1,999
Tax expense	(83)	(76)	(83)	(76)
Profit for the period	6,509	1,923	6,509	1,923
Other Comprehensive Income				
Revaluation of land and building	-	-	-	-
Transferred to deferred tax	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	6,509	1,923	6,509	1,923
Profit attributable to:				
Owners of the Company	6,512	1,923	6,512	1,923
Non-controlling interest	(3)	-	(3)	-
Profit for the period	6,509	1,923	6,509	1,923
Total Comprehensive Income attributable to:				
Owners of the Company	6,512	1,923	6,512	1,923
Non-controlling interest	(3)	-	(3)	-
Total Comprehensive Income for the period	6,509	1,923	6,509	1,923
Earnings per share (sen)				
- Basic	7.08	2.09	7.08	2.09
- 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 2011 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 2012

	(Unaudited) As at 31.03.2012 RM'000	(Audited) As at 31.12.2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,558	18,795
Intangible assets	430	430
Other investment	450	450
	19,438	19,675
Current assets		
Inventories	23,132	26,143
Trade & other receivables	25,120	19,688
Prepaid taxes	209	820
Derivative assets	8	-
Fixed deposits with licensed banks	12,932	13,063
Cash and bank balances	12,272	5,498
	73,673	65,212
TOTAL ASSETS	93,111	84,887
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Revaluation reserves	2,934	2,934
Retained profits	23,415	19,677
Shareholder's equity	73,507	69,769
Non-controlling interest	101	53
Total equity	73,608	69,822
Non-current liabilities		
Hire purchase payables	149	175
Deferred taxation	1,161	1,161
	1,310	1,336
Current liabilities		
Trade & other payables	15,308	13,503
Hire purchase payables	117	129
Current income taxes	8	-
Dividend payable	2,760	-
Derivative liabilities	-	97
	18,193	13,729
Total liabilities	19,503	15,065
TOTAL EQUITY AND LIABILITIES	93,111	84,887
Net assets per share (RM)	0.80	0.76

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 2011 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 2012

	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 2012	46,000	1,158	2,934	19,677	69,769	53	69,822
Total comprehensive income for the period	-	-	-	6,512	6,512	48	6,560
Dividends	-	-	-	(2,760)	(2,760)	-	(2,760)
Recognition of negative goodwill	-	-	-	(14)	(14)	-	(14)
At 31 March 2012	46,000	1,158	2,934	23,415	73,507	101	73,608
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	46,000	1,158	-	13,072	60,230	-	60,230

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 2011 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 FIRST QUARTER ENDED 31 MARCH 2012

	Current Year To-date	Preceding Year Corresponding Period
	31.03.2012 RM'000	31.03.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,592	1,999
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	331	338
Interest expense	4	6
Interest income	(80)	(37)
Fair value adjustment on derivatives	(105)	105
Recognition of negative goodwill	(14)	-
Gain on disposal of property, plant & equipment	(104)	-
Operating profit before working capital changes	6,624	2,411
Changes in working capital		
(Increase) / Decrease in inventories	3,011	(3,124)
Increase in trade & other receivables	(5,432)	(1,238)
Increase in trade & other payables	1,805	3,764
Cash generated from operations	6,008	1,813
Interest paid	(4)	(6)
Income tax paid	(75)	(205)
Income tax refund	611	605
Net cash generated from operating activities	6,540	2,207
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquire	50	-
Interest received	80	37
Purchase of property, plant and equipment	(155)	(75)
Proceed from disposal of property, plant & equipment	165	-
Net cash used in investing activities	140	(38)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(37)	(62)
Dividend paid	-	(1,380)
Net cash used in financing activities	(37)	(1,442)
NET DECREASE IN CASH AND CASH EQUIVALENTS	6,643	727
Cash and cash equivalents at beginning of period	16,962	10,102
Cash and cash equivalents at end of period	23,605	10,829
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	12,272	3,911
Short term deposits with licensed banks	12,932	9,338
Fixed deposits pledged	(1,599)	(2,263)
Unrealised exchange gain	-	(157)
	23,605	10,829

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 2011 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 2012**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS
("MFRS") 134: INTERIM FINANCIAL REPORTING**

A1. BASIS OF PREPARATION

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting and paragraph 9.22 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 2011. 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 2011.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards for the first time in these condensed interim financial statements. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

A2. CHANGES IN ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. 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 2011.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosures of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (as amended in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures (as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 7	Disclosures- Offsetting Financial Assets and Financial Liabilities	1 July 2012
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2013



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.

A8. DIVIDEND PAID

The single tier tax exempt 2nd interim dividend of 3.0 sen per share for the year ended 31 December 2011, amounting to RM2,760,000 was paid on 18 April 2012.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 3 months ended 31 March 2012.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	24,353	-	24,353
Inter-company transactions	-	1,352	(1,352)	-
Dividend income	3,000	-	(3,000)	-
	<u>3,000</u>	<u>25,705</u>	<u>(4,352)</u>	<u>24,353</u>
Segmental result	(73)	6,589	-	6,516
Finance costs				(4)
Interest income				<u>80</u>
Profit before tax				6,592
Taxation				<u>(83)</u>
Profit for the period				<u><u>6,509</u></u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012**

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

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment for 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 for the current quarter and financial period to date except as follow:-

- (1) On 28/3/2012, Muar Ban Lee Group Berhad ("MBL") has acquired 95,000 new ordinary shares of RM1.00 each in MBL Waste Processing Technology Sdn Bhd ("MBL WPT") for the total cash consideration of RM95,000.00, representing 95% equity interest in MBL WPT and hence MBL WPT has become a 95% subsidiary of MBL.
- (2) On 28/3/2012, MBL WPT, a 95% owned subsidiary of the Company has acquired 55,000 new ordinary share of RM1.00 each in POME Treatment Technology Sdn Bhd ("POME TT") for the total cash consideration of RM55,000.00, representing 55% equity interest in POME TT and hence POME TT has become a 55% subsidiary of MBL WPT.

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

There was no related party transactions during the financial period under review.

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	3.076	3.084
TOTAL	3.076	3.084

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 March 2012, 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 MFRS 139, thus, the exchange gain arising from the changes in foreign exchange closing rate and forward rate in USD forward contract amounting to RM7,750 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 2012.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012**

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

B1. REVIEW OF PERFORMANCE

	Individual Quarter and Cumulative Quarter (3 months ended)	
	31.03.2012	31.03.2011
	RM'000	RM'000
Revenue	24,353	11,063
Profit after tax "PAT"	6,509	1,923

For the current quarter under review, the Group's revenue increased by 120.1% to RM24.35 million as compare with RM11.06 million registered in the preceding year's corresponding quarter. The PAT of the Group improved to RM6.51 million or equivalent to 238.5% from RM1.92 million recorded in the preceding year's corresponding quarter.

The substantial increase in both revenue and PAT was mainly attributable to higher contribution from sales of plant setup ancillary machinery, oil seed expeller and EFB machines, or more commonly known as project sales which commands higher values and margins.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue for the current quarter has increased by RM11.85 million or 94.7% to RM24.35 million as compared to RM12.51 million registered in the immediate preceding quarter.

PAT for the current quarter also improved significantly to RM6.51 million as compare to RM3.37 million recorded in the previous quarter. The improvement in both revenue and PAT are mainly due to higher project sales recognition in the current quarter as compare with the preceding quarter.

B3. CURRENT YEAR PROSPECTS

The recent European Monetary Union ("EMU") tensions and China growth worries has contributed to higher global risk aversion. Further, the risks of default by countries like Greek and Spain will inevitable has a great influence in global financial market and market sentiment.

Barring any unforeseen circumstances, the Board of Directors is confident that the Group will register better results for the financial year ending 31 December 2012 in view of the strong orders book on hand as a result of consistent marketing, branding and promotion activities.

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 2012**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 31.03.2012 RM'000	Current Year To Date 31.03.2012 RM'000
Taxation - current year	<u>83</u>	<u>83</u>

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

B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES

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

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS

There are no corporate proposals announced but not completed as at the date of this report..

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2012 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>117</u>	<u>149</u>	<u>266</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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012**

B12. DIVIDEND DECLARED

There was no dividend declared during the current quarter.

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)	6,509	6,509
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	7.08	7.08

B14. RELATED PARTY TRANSACTIONS

There was no related party transactions during the financial period under review.

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	57,828
- Unrealised	(1,153)
Less: Consolidation adjustments	(33,260)
Retained profits as per financial statement	<u>23,415</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 24 May 2012.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
24 May 2012