



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)  
(Incorporated in Malaysia under the Companies Act, 1965)

## Export Countries

- |                  |                 |
|------------------|-----------------|
| Portugal         | the Philippines |
| South Africa     | Singapore       |
| India            | Sri Lanka       |
| Solomon Islands  | Tanzania        |
| Belgium          | Thailand        |
| Guatemala        | Hong Kong       |
| Indonesia        | Vanuatu         |
| Nigeria          | Ivory Coast     |
| Papua New Guinea | Netherlands     |
| Mexico           | Cameroon        |
| Costa Rica       | Gabon           |
| Columbia         | Venezuela       |

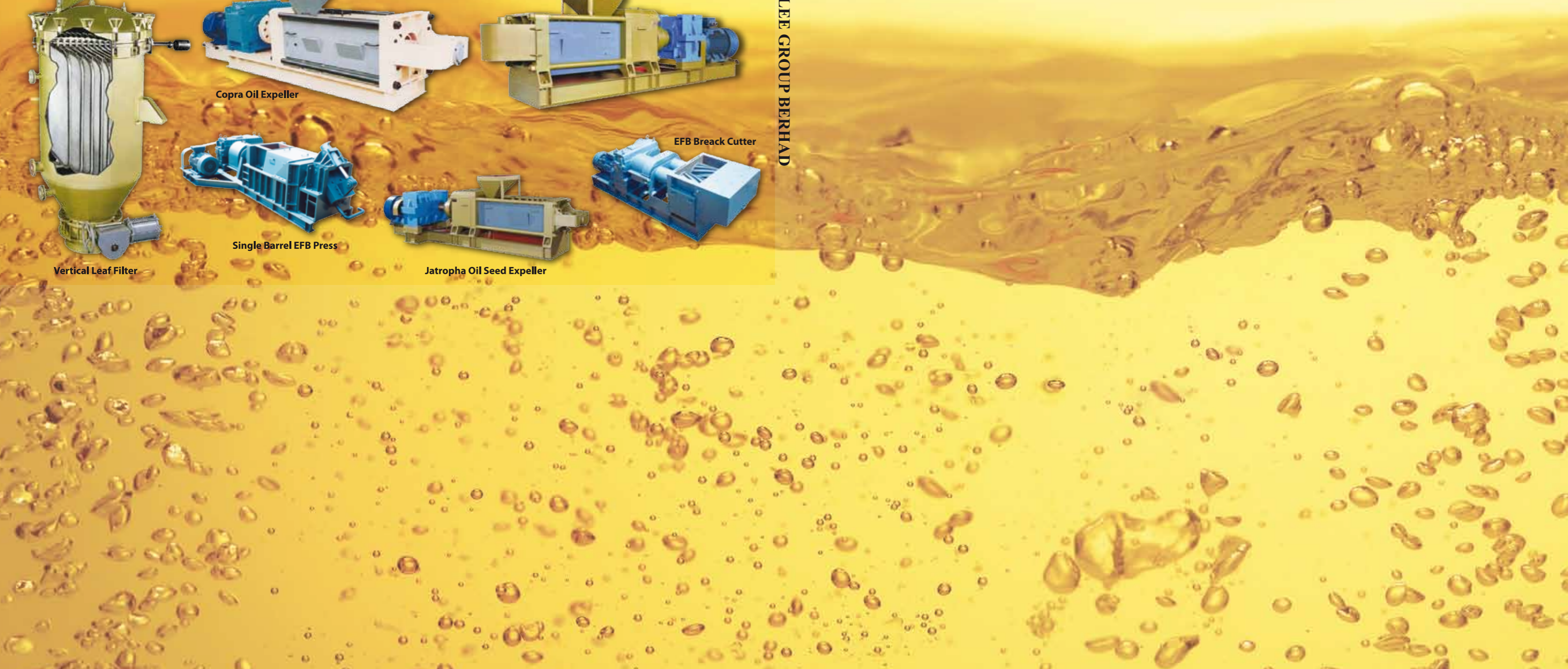


## Our Products



MUAR BAN LEE GROUP BERHAD

# ANNUAL REPORT 2009



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# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Muar Ban Lee Group Berhad (Company No. 753588-P) will be held at No. JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor Darul Takzim on Monday, 24th day of May, 2010 at 12.00 noon to transact the following matters:-

## AGENDA

### AS ORDINARY BUSINESS

- 1) To receive and adopt the Audited Financial Statements for the financial year ended 31 December, 2009 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
- 2) To re-elect the following Directors retiring under the Articles 104 of the Company's Articles of Association, and who, being eligible offer themselves for re-election:-
  - a) Mr. Chua Ah Ba @ Chua Eng Ka (Resolution 2)
  - b) Mr. Chua En Hom (Resolution 3)
  - c) Mr. Chua Eng Hui (Resolution 4)
  - d) Mr. Chua Heok Wee (Resolution 5)
  - e) Dato' Seri Tan King Tai @ Tan Khoon Hai (Resolution 6)
  - f) En. Khairilnuar Bin Tun Abdul Rahman (Resolution 7)
  - g) Tuan Hj Ismail bin Tunggak @ Hj Ahmad (Resolution 8)
  - h) Mr. Teh Eng Aun (Resolution 9)
- 3) To approve a Final Dividend of 3% single tier tax exempt dividend for the financial year ended 31 December 2009. (Resolution 10)
- 4) To approve the payment of Directors' fees of RM96,000.00 for the financial year ended 31 December 2009. (Resolution 11)
- 5) To appoint Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, copy of which is annexed on the Annual Report has been received by the Company for the nomination of Messrs. PKF for appointment as Auditors of the Company in place of the retiring Auditors and the intention to propose the following ordinary resolution:-

"That Messrs. PKF be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Parker Randall Loh, Chartered Accountants and such appointment shall be until the conclusion of the next Annual General Meeting at a remuneration to be determined between the Directors and Auditors."

(Resolution 12)

## Notice of Annual General Meeting

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

6) Authority to Issue Shares

“THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company”.

(Resolution 13)

7) To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

### Notice of Dividend Entitlement

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the fourth Annual General Meeting, the Final dividend of 3% single tier tax exempt dividend in respect of the financial year ended 31 December 2009 will be paid on 23 June 2010 to depositors registered in the Records of Depositors at the close of business on 11 June 2010.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 11 June 2010 in respect of transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**Lee Hong Lim (MIA 12949)**

*Company Secretary*

Muar, Johor Darul Takzim

Date : 30 April 2010

## Notice of Annual General Meeting

### Notes:-

- 1) *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- 2) *Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
- 3) *The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.*
- 4) *The Proxy Form must be deposited at the Registered Office of the Company at 87, Muntri Street, 10200 Penang, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.*

### Explanatory Notes of Special Business:-

- 5) *Resolution Pursuant to Section 132D of the Companies Act, 1965. The Ordinary Resolution proposed under item 6, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.*



## Notice of Annual General Meeting

### LETTER OF NOMINATION

Hassan Gany Bin Sulthan  
Desa Permai Indah,  
F-1-13,  
Lorong Helang Tiga,  
Sungai Dua,  
11700 Gelugor,  
Penang.

Date: 25 March, 2010

The Board of Directors  
**Muar Ban Lee Group Berhad**  
**(753588-P)**  
87, Muntri Street,  
10200 Penang.

Dear Sir,

### NOTICE OF NOMINATION OF MESSRS PKF AS AUDITORS

I hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs PKF as Auditors of the Company in place of the retiring auditors, Messrs Parker Randall Loh and of my intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:-

"That Messrs PKF be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Parker Randall Loh, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

.....  
**Hassan Gany Bin Sulthan**



# Statement Accompanying Notice of Annual General Meeting

## Statement Accompanying Notice of The Annual General Meeting Pursuant To Paragraph 8.27(2) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors who are standing for re-election pursuant to the Company's Articles of Association are as follows:-
  - a) Mr. Chua Ah Ba @ Chua Eng Ka
  - b) Mr. Chua En Hom
  - c) Mr. Chua Eng Hui
  - d) Mr. Chua Heok Wee
  - e) Dato' Seri Tan King Tai @ Tan Khoon Hai
  - f) En. Khairilnuar Bin Tun Abdul Rahman
  - g) Tuan Hj Ismail bin Tunggak @ Hj Ahmad
  - h) Mr. Teh Eng Aun
2. Details of the profile of Directors are set out in the Board of Directors on page 9 to page 10 of the Annual Report.
3. Details of the above directors' interest in the securities of the Company are set out in the Directors' Report on page 29 to page 32 of this Annual Report.
4. The above directors' family relationship with other directors and/or substantial shareholder of the Company are disclosed in the Directors' Profile on page 10 of the Annual Report
5. None of the above directors have any conflict of interest in the Company.
6. None of the above directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.
7. None of the above directors hold any directorship in any public listed company except Dato' Seri Tan King Tai @ Tan Khoon Hai, En. Khairilnuar Bin Tun Abdul Rahman, Tuan Hj Ismail Bin Tunggak @ Hj Ahmad and Mr. Teh Eng Aun.



# Corporate Information

## Board of Directors

**Mr. Chua Ah Ba @ Chua Eng Ka** (*Executive Chairman*)

**Mr. Chua En Hom** (*Deputy Executive Chairman*)

**Mr. Chua Eng Hui** (*Executive Director*)

**Mr. Chua Heok Wee** (*Managing Director*)

**Dato' Seri Tan King Tai @ Tan Khoon Hai**  
(*Executive Director/Finance Director*)

**En. Khairilnuar Bin Tun Abdul Rahman**  
(*Independent Non-Executive Director*)

**Tuan Hj Ismail bin Tunggak @ Hj Ahmad**  
(*Independent Non-Executive Director*)

**Mr. Teh Eng Aun** (*Independent Non-Executive Director*)

## Members of Audit Committees

Mr. Teh Eng Aun (*Chairman*)

En. Khairilnuar Bin Tun Abdul Rahman (*Member*)

Tuan Hj Ismail bin Tunggak @ Hj Ahmad (*Member*)

## Members of Remuneration Committees

Mr. Chua Ah Ba @ Chua Eng Ka (*Chairman*)

En. Khairilnuar Bin Tun Abdul Rahman (*Member*)

Tuan Hj Ismail bin Tunggak @ Hj Ahmad (*Member*)

## Members of Nomination Committees

Mr. Chua Heok Wee (*Chairman*)

En. Khairilnuar Bin Tun Abdul Rahman (*Member*)

Tuan Hj Ismail bin Tunggak @ Hj Ahmad (*Member*)

## Company Secretary

Mr. Lee Hong Lim (MIA No. 12949)  
11-10-07, Tingkat Paya Terubong 2  
Taman Terubong Jaya  
11060 Paya Terubong  
Pulau Pinang  
Tel. no. : 04-264 4877  
Fax. no.: 04-264 4878

## Registered Office

No. 87, Muntri Street  
10200 Pulau Pinang  
Tel. no. : 04-263 8100  
Fax. no.: 04-263 8500  
E-mail: tcms@tcms.com.my

## Principal Place of Business

JR52, Lot 1818, Jalan Raja  
Kawasan Perindustrian Bukit Pasir  
84300 Muar  
Johor Darul Takzim  
Tel. no. : 06-985 9998  
Fax. no.: 06-985 8889  
Website: www.mbl.com  
E-mail: mbl@mbl.com

## Share Registrars

Plantation Agencies Sdn Berhad  
3rd Floor, Standard Chartered Bank Chambers  
Lebuh Pantai  
10300 Pulau Pinang  
Tel. no. : 04-262 5333  
Fax. no.: 04-262 2018  
E-mail: general@plantationagencies.com.my

## Auditors

Parker Randall Loh (AF 001841)  
Chartered Accountants

## Principal Bankers

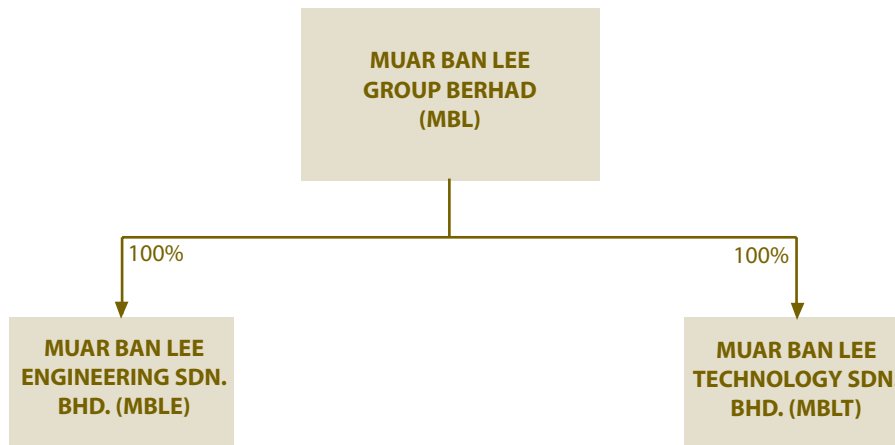
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
OCBC Bank (M) Berhad  
Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
(Listed since 28th October 2009)  
Stock Name: MBL  
Stock Code : 5152

## Corporate Structure

We were incorporated in Malaysia under the Companies Act on 20 November 2006 as a private limited company under the name of Muar Ban Lee Group Sdn Bhd. We are an investment holding company. Subsequently, on 11 January 2007, our Company was converted into a public company and assumed its current name. As at the date of this report, our corporate structure is set out below:-



At present, we are mainly involved in the following:-

Name	Registration no.	Date / Place of incorporation	Issued and paid-up share capital (RM)	Equity interest (%)	Principal activities
MBLE	166822-V	8 December 1987 Malaysia	2,000,000	100.0	Manufacturing of oil seed expellers and its related parts
MBLT	664866-T	6 September 2004 Malaysia	200,000	100.0	Manufacturing of automated oil seed expellers and its related parts

At present, we are mainly involved in the following:-

- design and manufacture of oil seed expellers, and ancillary machinery for oil seed crushing plants;
- design, fabrication, installation and commissioning of oil seed crushing plants; and
- manufacture and sale of spare parts.

## Directors' Profile

**Chua Ah Ba @ Chua Eng Ka**, aged 64, a Malaysian, is the Executive Chairman of our Group and was appointed to our Board on 30 June 2009. He is the founder of our Group and has accumulated more than 37 years experience and expertise in the design and manufacture of oil seed expellers, ancillary machinery and spare parts. His vision and stewardship over the past years has taken our Group from a small scale manufacturer to our current position as one of the top manufacturers of oil seed expellers in Malaysia. He currently works together with Mr. Chua Heok Wee in the overall business operation and strategic planning.

**Chua En Hom**, aged 56, a Malaysian, is the Deputy Executive Chairman of our Group and was appointed to our Board on 30 June 2009. He has over 30 years experience in metal engineering industry and is involved in the daily operations of our factories. He is responsible for the overall production activities in MBLE and MBLT.

**Chua Eng Hui**, aged 54, a Malaysian, is the Executive Director of our Group and was appointed to our Board on 30 June 2009. He has accumulated more than 36 years of experience in the engineering industry and is currently responsible for engineering and technical operations of our Group as well as overseeing our R&D activities.

**Chua Heok Wee**, aged 37, a Malaysian, is the Managing Director of our Group and was appointed to our Board on 30 June 2009. He joined as a foreman and assisted his father, Mr. Chua Ah Ba @ Chua Eng Ka in 1995 and was subsequently promoted to Project Manager in 1997. With more than 16 years experience in the design and manufacture of oil seed expellers, ancillary machinery and spare parts, he has steered MBLE from a small scale manufacturer to be one of the major manufacturers of oil seed expellers in Malaysia. He is responsible for the overall business planning, marketing, product development and brand building of our Group. He has participated in many international metal product trade fairs and exhibitions held overseas and locally.

**Dato' Seri Tan King Tai @ Tan Khoon Hai**, aged 55, a Malaysian, is the Executive Director/ Finance Director of our Group and was appointed to our Board on 30 June 2009. He is a member of the Institute of Certified Public Accountants, Ireland and a council member of Malaysian Association of Company Secretaries. He has over 29 years of working experience in the fields of auditing, accounting and corporate finance. He is primarily responsible for the Finance department of MBL. He was the Executive Director of Pensonic Holding Berhad from 13 September 1995 to 13 December 2003 and was subsequently re-designated as a Non-Executive Director. He was appointed as an Executive Director of UDS Capital Berhad and Non-Executive Director of Unimech Group Berhad, both of which are listed on Bursa Securities. He also sits on the board of several other private limited companies.

**Khairilnuar Bin Tun Abdul Rahman**, aged 45, a Malaysian, was appointed as the Independent Non-Executive Director of our Group on 30 June 2009. He graduated from Institute of Technology Mara in 1988 and was an entrepreneur from 1989 to 1993 dealing with electric cables and ballast. As business grew, he incorporated a private limited company and became its Executive Director in 1993. Encik Khairilnuar has been a committee member of UMNO Youth in the Kepala Batas Division since 2001. He is an Independent Non-Executive Director and an Audit Committee member of Pensonic Holdings Berhad since 2002 and an Independent Non-Executive Director of UDS Capital Berhad since 2004. He also sits on the board of a few private limited companies. He has no family relationship with any other Director or major shareholder of our Group.

## Directors' Profile

**Hj Ismail Bin Tunggak @ Hj Ahmad**, aged 60, a Malaysian, was appointed as the Independent Non-Executive Director of our Group on 30 June 2009. He was the Head of POS Malaysia & Services Holdings Berhad, Bukit Pasir from 1976 to 1983 and Sungai Mati from 1983 to 1987. He was the Penghulu of Mukim Sri Menanti from 1987 to 1997 and of Mukim Tangkak from 1997 to 2000 before holding the post of Penghulu of Mukim Parit Bakar from 2000. He is an Independent Non-Executive Director and an Audit Committee member of UDS Capital Berhad since 2004. He is also a committee member of the Anti Drug Agency. He has no family relationship with any other Director or major shareholder of our Group.

**Teh Eng Aun**, aged 59, a Malaysian, was appointed as the Independent Non-Executive Director of our Group and Chairman of Audit Committee on 30 June 2009. He obtained his Bachelor of Commerce from the University of Newcastle, New South Wales, Australia in 1975 and practiced as a Chartered Accountant in a public accounting firm between 1981 and 1995. In 1996, he joined UT Securities Sdn Bhd (now known as Inter-Pacific Securities Sdn Bhd) as a Remisier. He has over 20 years of experience in corporate consultancy, financial management and auditing. He is an Independent Non-Executive Director of Ire-Tex Corporation Berhad since 2009. He has been appointed as the Chairman of MBL's Audit Committee.

### Family Relationships

Save as disclosed below, there are no family relationships amongst the Directors and senior management staff of our Group:-

- (i) Chua Ah Ba @ Chua Eng Ka, Chua En Hom and Chua Eng Hui are siblings; and
- (ii) Chua Heok Wee is the son of Chua Ah Ba @ Chua Eng Ka
- (iii) Chua Chang Yee and Chua Chang Huat are the sons of Chua En Hom



# Message From The Executive Chairman

On behalf of the Board of Directors of MUAR BAN LEE GROUP BERHAD, and its Group of Companies (MBL Group), I am pleased to present the Annual Report of the Group for the financial year ended 31 December 2009.

I am delighted to report that despite the challenging operating environment during the year, MBL Group did reasonably well with satisfactory performance.

## Continued Resilience of the Malaysian Economy

The year 2009 had been mired by the economic uncertainty stemming from the global financial crisis which had inevitably affected the Malaysian economy. However, with the major economies around the world economic stimulus we saw the economic scenario turning around especially in the fourth quarter of 2009.

The trade for Malaysia in 2009 dropped by 16.6% from RM1.18 trillion in 2008 to RM988.24 billion. During this period, total exports declined by 16.6% to RM553.3 billion while imports were lowered by 16.6% to RM434.94 billion, resulting in a trade surplus of RM118.35 billion. (Ministry of International Trade and Industry, Malaysia). For the year as a whole, the Malaysian economy contracted by 1.7% as against 4.6% growth in 2008. (Bank Negara Malaysia)

## Financial Performance

In spite of the weakening economic conditions, MBL Group's financial performance remained favourable. The Group posted a pre-tax profit of RM8.8 million during the financial year while its net profit stood at RM8.6 million. There is no comparative figure as the Group was only listed on 28 October 2009. The acquisition of the subsidiary companies are on 30 June 2009, as such, the Consolidated Income Statement incorporates the audited Income Statement of the Company for the financial year ended 31 December 2009 and the Income Statements of its newly acquired subsidiaries for the period from 1 July 2009 to 31 December 2009.

## Corporate Development

On 5 October 2009, the Group issued its Prospectus for its Initial Public Offering of 28,000,000 Ordinary Shares of RM0.50 each at an issue price of RM0.65 per share comprising:-

- a) Public Issue of 21,000,000 new ordinary shares of RM0.50 each at an offer price of RM0.65 per share comprising:-
  - 2,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian Public;
  - 2,700,000 new ordinary shares of RM0.50 each available for application by eligible Directors, Employees and Business Associates;
  - 7,340,000 new ordinary shares of RM0.50 each by way of Private Placement to Identified Investors; and
  - 8,960,000 new ordinary shares of RM0.50 each by way of placement to bumiputera investors approved by the Ministry of International Trade and Industry.
- b) Offer for Sale of 7,000,000 ordinary shares of RM0.50 each by way of placement to bumiputera investors approved by the Ministry of International Trade and Industry.

In conjunction with the Public Issue and Offer for Sale, the Group entire issued and paid-up shares capital of the Group comprising 92,000,000 ordinary shares of RM0.50 each was listed and quoted on the Main Market of Bursa Securities on 28 October 2009.

## Message From The Executive Chairman

### Dividend Quantum

I am pleased to announce that the Board of Directors had approved the payment of an interim single tier tax exempt dividend of 3% per ordinary share, amounting to a net dividend of RM1.4 million which had been paid on 12 February 2010. The Board of Directors has also recommended the payment of a final dividend of 3% single tier tax exempt dividend per ordinary share amounting to RM1.4 million in respect of the financial year ended 31 December 2009, which is subject to approval of members at the forthcoming Annual General Meeting of the Company.

### Prospects for 2010

The year 2010 is expected to provide better prospects for the Malaysian economy although we are prepared for another challenging year. Following the recovery in the global economy in the fourth quarter of 2009, the Group is hopeful that the trend will continue in 2010.

After recording a 1.7% contraction in 2009, the Malaysian economy is expected to be growing stronger by 6.0% in 2010 with higher domestic demand, given the stable labour market conditions, improved consumer and business confidence, and continued access to financing. Further improvements in external demand, following the gradual recovery in the global economy are also expected to provide further impetus to the domestic economy. (Ministry of Finance, Malaysia)

In tandem with the expected better economic outlook in 2010, the Group is optimistic that its performance in 2010 will improve further. The Group will continue to pursue growth strategies to increase market share for its core business in the design and manufacture of oil seed expellers, and ancillary machinery for oil seed crushing plants; plant setup sales and services; and manufacture and sale of spare parts to plantation owners and millers globally.

### Appreciation

I wish to express our gratitude to Maybank Investment Bank Berhad, Foreign Investment Committee, the Malaysian International Trade and Industry and Securities Commission for our successful listing on Bursa Malaysia Securities Berhad.

A special thank you is also accorded to our valued shareholders, stakeholders, customers and business associates for their relentless support and confidence in MBL Group.

My sincere appreciation also goes to my fellow members of the Board, for their continuous guidance to the Group. Last but not least, to the management team and employees of MBL Group for their dedication and commitment in our efforts to create more success and demonstrate a spirits of excellence within the Group.

Thank you.

Sincerely,

**CHUA AH BA @ CHUA ENG KA**

*Executive Chairman*

Date : 19 April, 2010

# Statement of Corporate Governance

Pursuant to paragraph 15.25 of the Bursa Malaysia Securities Berhad Listing Requirements, the Directors are under obligations to issue a statement pertaining to the status of compliances by the Company and its subsidiaries ("The Group") with The Code of Corporate Governance ("The Code"). The principles and best practices on structures that companies may adopt and implement to achieve the ultimate objective of maximizing long term shareholders' value are set-out in The Code.

It is the commitment of the Board of Directors (the "Board") of Muar Ban Lee Group Berhad to ensure the adoption of good governance throughout the Group in order to protect and enhance the shareholders' value and the performance of the Group. For the financial year ended 31 December 2009, the Group has applied the key principles of corporate governance and best practices as set out in the Code as outlined in the following statement.

## DIRECTORS

### 1. The Board and Board Balance

The Board consists of eight (8) members comprising five (5) executive directors, and three (3) non-executive directors. Three of the eight directors are independent directors. The Board has complied with Paragraph 15.02 (1) of the Listing Requirements of Bursa Malaysia Securities Berhad that at least two or one-third of the Board, whichever is the higher is independent directors. Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size are adequate.

The Board of Directors is involved in the areas of reviewing the Group's strategic plan and identifying critical business risks. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group. The independent non-executive directors provide independent views, advice and judgment and take into account the interests of the Group and the various parties involved which include shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board.

### 2. Appointment and Re-election

The Company's Articles of Association governs the appointment and re-election onto its Board. Directors who are appointed by the Board to fill a casual vacancy shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. The Articles also provide that one-third or the number nearest to one-third of the Directors shall retire from office at every AGM and if eligible, may offer themselves for re-election. In compliance with the Code, each Director shall retire from office at least once in every three (3) years.

### 3. Attendance at Meetings

The attendance record for Board and Audit Committee meetings during the financial year ended 31 December 2009 are as follows:-

#### Board of Directors Meetings

Directors	Meeting Attendance	Percentage (%)
Chua Ah Ba @ Chua Eng Ka	2/2	100
Chua En Hom	2/2	100
Chua Eng Hui	2/2	100
Chua Heok Wee	2/2	100
Dato' Seri Tan King Tai @ Tan Khoon Hai	2/2	100
Khairilnuar Bin Tun Abdul Rahman	2/2	100
Hj Ismail Bin Tunggak @ Hj Ahmad	2/2	100
Teh Eng Aun	2/2	100

All the directors are appointed on 30 June 2009.

## Statement of Corporate Governance

### Audit Committee Meetings

Audit Committee	Meeting Attendance	Percentage (%)
Teh Eng Aun	2/2	100
Khairilnuar Bin Tun Abdul Rahman	2/2	100
Hj Ismail Bin Tunggak @ Hj Ahmad	2/2	100

#### 4. Information Dissemination

It is recognized by the Board that timely and quality information are required for sound decision making process. Accordingly, the Board members are given full and unrestricted access to whatever information required pertaining to the Group's business activities and state of affairs. Important matters are tabled to their attention for consideration. The Directors are also provided with an agenda and a set of Board papers prior to each Board meetings to ensure the Directors have sufficient time to obtain explanations and clarifications, where necessary. The Directors also get advice of the Company Secretary and have a transparent dealing with the external auditors in order to discharge their stewardship responsibilities. Where and when deemed necessary, the Board also seeks independent professional advice and the related cost will be borne by the Company. It is the Company Secretary's role to ensure that proper policies and procedures are in place and the governing statutory and regulatory requirements pertaining to a Directors' duties and responsibilities are complied with and that all proceedings of the Board are recorded in writing for the effective functioning of the Board.

#### 5. Directors' Training

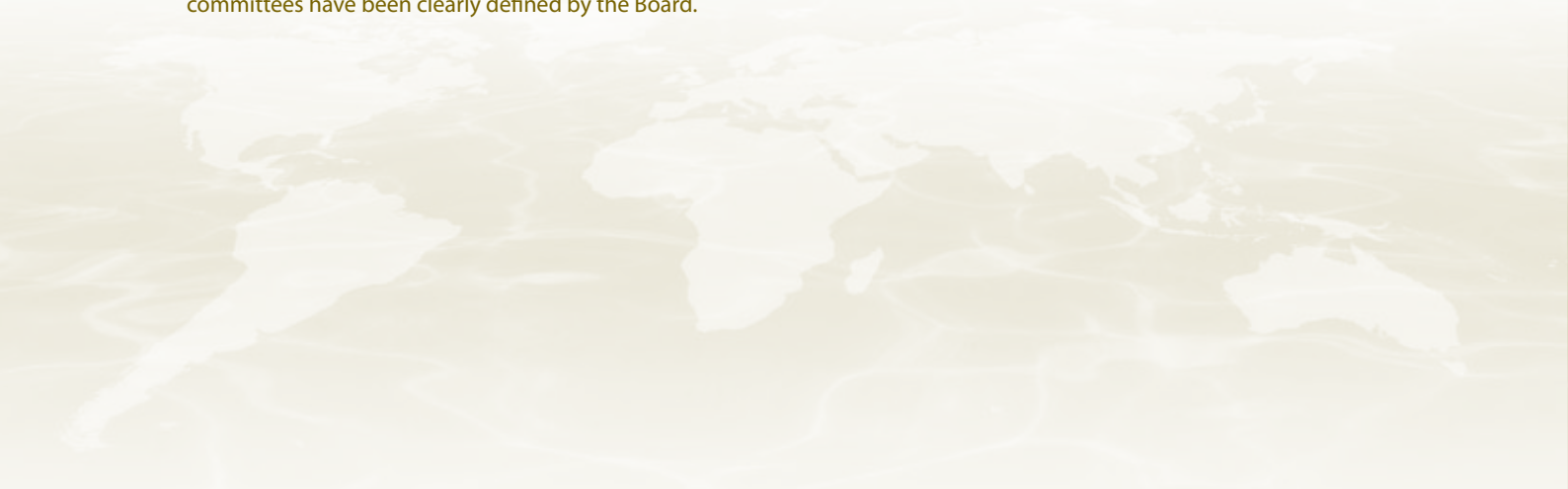
It is acknowledged by the Board on the importance of continuous education and training to enable the Directors to discharge their responsibilities effectively. All the Directors have successfully undergone the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn. Bhd. The Directors have attended various training programmes and seminars during the year under review in areas relating to general management, latest regulatory developments, financial reporting, branding and corporate governance, to enhance their knowledge and expertise. To further enhance their skills and knowledge in discharging their duties as Director in an effective manner, the Directors will continue to participate in other relevant training programmes. The adequacy and suitability of the training requirements of the Directors on a regular basis is reviewed by the Board.

### BOARD COMMITTEES

The Board has delegated certain functions to several committees namely:

- The Audit Committee;
- The Nomination Committee; and
- The Remuneration Committee

The functions and terms of reference of the respective committees, as well as the authority delegated by the Board to these committees have been clearly defined by the Board.



## Statement of Corporate Governance

### Composition of the Committees

#### (i) Audit Committee

The members of our Audit Committees are as follows:-

Designation	Directors	Directorship
Chairman	Teh Eng Aun	Independent Non-Executive Director
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Audit Committee is responsible for recommending to our Board regarding selection of external auditors, reviewing the results and scope of audit and other services provided by our Group's external auditors as well as reviewing and evaluating our Group's internal audit and control functions. Our Audit Committee is also responsible in financial risk assessment and matters relating to related party transactions and conflicts of interests. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

#### (ii) Nomination Committee

The members of our Nomination Committees are as follows:-

Designation	Directors	Directorship
Chairman	Chua Heok Wee	Managing Director
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Nomination Committee recommends to our Board suitable candidates for appointment as Directors to our Board of the company as well as appointment of Directors to committees of our Board. It also reviews our Board's structure, size and composition and recommends to our Board the required mix skills and experience our Board requires in order to function completely and efficiently.

#### (iii) Remuneration Committee

The members of our Remuneration Committees are as follows:-

Designation	Directors	Directorship
Chairman	Chua Ah Ba @ Chua Eng Ka	Executive Chairman
Member	Khairilnuar bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director

Our Remuneration Committee is responsible for recommending to our Board the remuneration framework for our Executive Directors and assists our Board in ensuring that the remuneration of the Executive Directors reflects the performance, responsibility, experience and commitment of the Executive Directors concerned. The Executive Directors on the Committee abstains from deliberations in respect of his own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for our Board as a whole.

## Statement of Corporate Governance

### DIRECTORS' REMUNERATION

The remuneration package for the Directors after due consideration is given on individual contribution and a rewarding remuneration package granted to retain and attract Directors with the relevant experience and expertise to manage the Group effectively.

The remuneration of the Directors is reviewed annually by the respective Executive Directors are abstained from discussions and decisions on their own remuneration.

The aggregate remuneration of the Directors for the financial year ended 31 December 2009 is as follows:-

Category	Fees RM	Salaries & Other Emoluments RM	Total RM
Executive Directors	60,000	768,620	828,620
Non-Executive Directors	36,000	–	36,000

For 2009, the number of directors of the Company whose total remuneration during the financial year falls in bands of RM50,000 is analysed below:-

Range of Remuneration In RM	Number of Directors	
	Executive Director	Non-Executive Director
Below 50,000	1	3
50,000 – 100,000	–	–
100,001 – 150,000	–	–
150,001 – 200,000	3	–
200,001 – 250,000	1	–
250,001 – 300,000	–	–
300,001 and above	–	–

### INVESTOR RELATION AND SHAREHOLDER COMMUNICATION

It is acknowledged by the Board of the need for its shareholders, investors and stakeholders to be informed of all material business matters affecting the Group. The shareholders, investors and stakeholders are kept abreast with the development in the Group through the various announcements made to the Bursa Securities. If required, relevant information is provided in a Circular to its shareholders. Regular communication by the Group with its shareholders are made through timely release of financial results, statement of affairs and other material financial information on quarterly basis. The Board responds to all formal queries by Bursa Securities and other regulatory authorities on a timely manner. A comprehensive avenue for information dissemination, with dedicated sections on corporate information, press releases and company news are provided via the Company's website at [www.mbl.com](http://www.mbl.com).

The main forum for dialogue with shareholders remains at the general meetings. Shareholders are encouraged to participate in the proceedings of the general meetings and to direct questions concerning the business and financial performance of the Group to the Board. General meetings are held by the Company at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

Notices of meetings convening the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices were advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings of the general meetings were properly maintained and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

## Statement of Corporate Governance

### ACCOUNTABILITY AND AUDIT

#### 1. Financial reporting

It is the responsibility of the Board to present a balanced, clear and comprehensive assessment of the Group's financial position and prospects through the quarterly and annual financial reporting to the shareholders. Reasonable diligence is exercised reasonable by the Board and the Audit Committee to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board has ensured that the Audited Financial Statements give a true and fair view of the state of affairs of the Group and the Company, and have been prepared based on applicable accounting policies in accordance with Financial Reporting Standards, and are supported by reasonable judgements and estimates. The accounting policies had also been consistently applied (except those new accounting policies which are being adopted for the first time during the financial year) under the revised Financial Reporting Standards ("FRSs") which are relevant to their operations and effective for financial period beginning on or after 1 January 2009.

#### 2. Internal Control

The Board assumes responsibility on the Group's financial and operational controls, and ensures compliance with the related rules and legislation. Regular risk assessment and internal control review are conducted to identify control inefficiency and major risks areas affecting business operations and viability. It is recognized by the Board that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable assurance against material misstatements, loss or fraud.

The internal control system of the Group is supported by an established organizational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls.

#### 3. Relationship with Auditors

The Group has established a transparent and appropriate professional relationship with the Group's Auditors both external and internal through the Audit Committee.

### COMPLIANCE STATEMENT

The Board recognizes the importance of the Group practicing good corporate governance. It is a corporate policy to continually improve on its corporate governance practices and structure to achieve an optimal governance framework. Throughout the financial year ended 31 December 2009, the Group has complied with all the best practices set out in the Code.



# Audit Committees Report

The members of the Audit Committee of Muar Ban Lee Group Berhad are pleased to present the report of the Audit Committee for the financial year ended 31 December 2009.

## 1. MEMBERS

As at the date of this annual report, the members of the Audit Committee, who are all Independent Non-Executive Directors, are as follows:-

Audit Committee	Designation	Date of Appointment
Teh Eng Aun	Independent Non-Executive Director	30 June 2009
Khairilnuar Bin Tun Abdul Rahman	Independent Non-Executive Director	30 June 2009
Hj Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director	30 June 2009

## 2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Audit Committee held two (2) meetings during the financial year ended 31 December 2009. The details of the attendance of the meetings are as follows:-

Audit Committee	Total Meetings Attended	Percentage(%)
Teh Eng Aun	2/2	100
Khairilnuar Bin Tun Abdul Rahman	2/2	100
Hj Ismail Bin Tunggak @ Hj Ahmad	2/2	100

During the two (2) meetings held for the financial year ended 31 December 2009, the Committee carried out the following activities:-

- i) Review and discuss the memorandum of matters and issues with external auditors and management's response to all pertinent issues and findings raised and noted by the external auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- ii) Review the unaudited quarterly financial statements and announcements and the year-end audited financial statements of the Group with the management and the external auditors to ensure that the Group complied with the provisions of the Companies Act, the Bursa Malaysia Securities Berhad Listing Requirements, the approved accounting standards for entities other than private entities [Financial Reporting Standards (FRS)] issued by the Malaysian Accounting Standards Board (MASB) and other statutory and regulatory requirements.
- iii) Ensure that the financial reporting and disclosure requirements of the relevant authorities had been complied with prior to approval by the Board of Directors.
- iv) Review the procedures for identification of related party transactions of the Group.
- v) Review and discuss the Audit Committee Report and Statement on Internal Control for inclusion in the Group's Annual Report.
- vi) Review and discuss the internal audit reports issued by the internal auditors for audit assignments carried out during the year including follow-up reviews of previous audits undertaken and the status of actions taken by management to resolve and rectify major issues raised by the auditors.

## Audit Committees Report

- vii) Brief the Board of Directors on any major issues discussed at the Audit Committee meeting for further deliberation or decision as the case may be.
- viii) Review the Group's key operational and business risks area and the policies in place to address and minimize such risks.

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established follow during the financial year.

### 3. TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

#### Membership

- i) The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) directors, all of whom shall be non-executive. All of the Audit Committee members shall be independent directors.
- ii) In this respect, the Board adopts the definition of "independent director" as defined under Bursa Malaysia Securities Berhad ("Bursa Securities"), Main Market Listing Requirements.
- iii) All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-
  - (a) shall be a member of the Malaysian Institute of Accountants ("MIA"); or
  - (b) if he is not a member of the MIA, he must have at least (3) years of working experience and:
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountant Act 1967.
  - (c) Fulfils such other requirements as prescribed by Bursa Securities.
- iv) No alternate director of the Board shall be appointed as a member of the Audit Committee.
- v) In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.
- vi) The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

## Audit Committees Report

### Quorum

The quorum for an Audit Committee meeting shall consist of two (2) members and the majority of members present must be independent directors.

### Authority of The Audit Committee

- i) The Audit Committee is empowered by the Board of Directors with the following authority:-
  - a) Have the authority to investigate any matter within its terms of reference.
  - b) Have the resources which are required to perform its duties.
  - c) Have full and unrestricted access to any information pertaining to the Group.
  - d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
  - e) Be able to obtain independent professional or other advice.
  - f) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

### Functions of The Audit Committee

The Audit Committee shall, amongst others, discharge the following functions:-

- i) To review the following and report the same to the Board of Directors:-
  - a) with the external auditor, the audit plan and to ensure co-ordination where more than one audit firm is involved;
  - b) with the external auditor, his evaluation of the system of internal controls;
  - c) with the external auditor, his audit report, his management letter and the management's response;
  - d) the assistance given by the Company's employees to the external auditor;
  - e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - f) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g) to review any appraisal or assessment of the performance of members of the internal audit function;
  - h) to approve any appointment or termination of senior staff members of the internal audit function;
  - i) to inform itself of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

## Audit Committees Report

- j) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- K) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity;
- l) any letter of resignation from the external auditors; and
- m) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
- ii) To recommend the nomination of a person or persons as external auditors.
- iii) To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- iv) To carry out any other functions as may be agreed by the Audit Committee and the Board of Directors.

### Internal Audit Function

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function for the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The internal audit activities have been carried out in accordance with the internal audit plan which has been approved by the Audit Committee. The internal audit function reports directly to the Audit Committee and provides the Committee with independent and objective assurance on the adequacy and integrity of its system of internal controls.

# Statement on Internal Control

## Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard its shareholders' investments and the Group's assets.

Pursuant to Paragraph 15.26(b) of the Bursa Securities Listing Requirements, the Board of Directors of Muar Ban Lee Group Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement of Guidance for Directors of Public Listed Companies ("Statement on Internal Control") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

For the purpose of this Statement, the Group means the Company and its subsidiary companies. As the Company does not have control over the operations, management and internal control system of the associated companies, this Statement does not cover the associated companies.

## Responsibility for Risk and Internal Control

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

## Risk Management

The Board and management practice proactive significant risks identification in the processes and activities of the Group, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

## Internal Audit

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- a) An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- b) A process of hierarchical reporting which provides for a documented and auditable trails of accountability;
- c) A set of documented internal policies and procedures which is subject to regular review and improvements;
- d) Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- e) Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- f) Regular visits to operating units by members of the Board and senior management.

## Statement on Internal Control

Based on the internal auditors' report for the financial year ended 31 December 2009, there is a reasonable assurance that the Group's system of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require additional disclosures in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 19 April, 2010.



## Statement of Directors' Responsibility On Financial Statements

The Directors are responsible for the preparation of financial statements for each financial year. They are reasonable for ensuring that these financial statements give a true and fair view of the state of affairs of the Group and the Company and the results and cash flow for the financial year then ended.

The financial statements are prepared in accordance with Financial Reporting Standards, the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2009, the Directors are satisfied that the Company and the Group had maintained adequate and proper accounting records and sufficient internal control to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position as at 31 December 2009, and the profit and loss for the financial year ended 31 December 2009 of the Company and the Group. The Directors have:-

- a) adopted the appropriate accounting policies and applied them consistently (except those new accounting policies which are being adopted for the first time) under the new Financial Reporting Standards ("FRSs");
- b) made judgements and estimates that are reasonable and prudent;
- c) ensured applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements;
- d) ensured the financial statements have been prepared on a going concern basis; and
- e) provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

They have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities.



# Corporate Social Responsibility Statement

Corporate Social Responsibility is an integral part of any organisation's way of succeeding in business and contributing to the welfare of employees in particular and society at large and also to all communities in the environment it operates. This approach to - business balancing economic, social and environmental interests is commonly referred to as Corporate Responsibility or Sustainability. In this context, the Board of Directors of Muar Ban Lee Group Berhad regards the need for Corporate Responsibility (CR) as an integral part of a business's operations and practices.

CR initiatives undertaken by the Group are summarized below:-

## Manufacturing Operations

At MBL, sustainable production and operations mean taking measures to supply and manufacture products in an economically, environmentally and socially sustainable way. It is in MBL's interest that it takes the necessary measures today to operate responsibly and, safeguard the environment in order to protect its current and future investments.

The notion of sustainable development extends beyond factories to include the entire product lifecycle.

Creating shared value is MBL's concept of corporate responsibility, which means that as employees create value for the company, they must also benefit the community. It is a business strategy that brings value to society by examining multiple points where MBL touches society and make long term investments that benefit its stakeholders.

## Community

During the year of 2009, the Group contributed to the communities through donations and sponsorship to various organizations and charities.

## Environment

The Group acknowledges responsibility for care of the environment. The Group considers safety and environmental factors in all operating decisions and explores feasible opportunities to minimize any adverse impact from manufacturing operations, waste disposal to product design and packaging.

## Employee

The Group believes that employee's involvement is vital to the success of the Group. The Group strives to motivate and retain the best employees by providing continuous training by sending them to attend relevant courses to upgrade their knowledge and skills within their job scope. The Group also organizes annual get-togethers for its employees through annual trips and dinners where they will get to know each other better outside the workplace which can greatly enhance their workplace relationship.

As an employer, the Group recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors.

The Group Managing Director has the ultimate responsibility for the health, safety and welfare for all employees, visitors and by delegation through individual companies' health and safety structure, to provide a safe working environment.

Information on safety matters is communicated through various Health & Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

## Other Disclosure Requirements

### Utilisation of Proceeds

The gross proceeds from the Public Issue of RM13.65 million shall be utilised in the following manner:-

Nature of utilisation	Timeframe for utilisation from the date of the Listing	Proposed Utilisation (RM'000)	Actual Utilisation 31-12-2009 (RM'000)	Balance (RM'000)
Purchase of machineries	Within 2 years	3,000	*949	1,427
Setup service offices in Indonesia, PNG and Nigeria	Within 2 years	1,500	–	1,500
Repayment of bank borrowings	Within 6 months	2,500	**1,717	139
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	(42)
<b>Total</b>		<b>13,650</b>	<b>4,508</b>	<b>7,874</b>

Note:-

\* : Down payment made for the purchase of machineries

\*\* : Repayment of term loan to Malaysian Industrial Development Finance Berhad & HSBC Bank Berhad

### Share Buybacks

The Company has not engaged in any share buybacks arrangement during the financial year.

### Options, Warrants or Convertible Securities

The Company has not granted any options, warrants or convertible securities to any parties to take up unissued shares in the Company during the financial year.

### American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company has not sponsored any ADR or GDR programme during the financial year.

### Sanctions and/ or Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines by the relevant regulatory bodies during the financial year.

### Non-Audit Fees

Non-audit fees paid to the external auditors amounting to RM1,000 during the financial year for the Company.

### Variation in Results

There was no material variation between the audited results for the financial year and the unaudited results previously announced.

### Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

## Other Disclosure Requirements

### Material Contracts

Save as disclosed below, there are no contract which are or may be material (not being contracts entered into in the ordinary course of business) entered into by us and our subsidiary companies during the financial year.

- a) By a Share Sale Agreement dated 28 January 2009 between MBL and the shareholders of MBLE (namely Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui, Chua Heok Wee, Dato' Seri Tan King Tai @ Tan Khoon Hai, OCSB and IJSB) for the acquisition of the entire issued and paid-up share capital of MBLE for a purchase consideration of RM30,399,998 which was satisfied by an issuance of 60,799,996 new MBL shares at an issue price of RM0.50 each.
- b) By a Share Sale Agreement dated 28 January 2009 between MBL and the shareholders of MBLT (namely Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee) for the acquisition of the entire issued and paid-up share capital of MBLT for a purchase consideration of RM5,100,000 which was satisfied by an issuance of 10,200,000 new MBL shares at an issue price of RM0.50 each.
- c) Placement agreement dated 20 July 2009 between our Company, the Offerors and the Sole Placement Agent for the placement of up to 23,300,000 IPO Shares for a placement fee of 1.00% of the IPO price of RM0.65 per Share.
- d) Underwriting agreement dated 19 August 2009 between MBL and Maybank IB for the under writing of up to 4,700,000 IPO Shares. Underwriters commission is payable at the rate of up to 2.25% of the IPO Price of RM0.65 per Share.

### Recurrent Related Party Transactions

There were no significant recurrent related party transactions during the financial year other than those disclose in page 59 and 60 in this report.

### Revaluation Policy on Landed Properties

The Group does not adopt a policy on regular revaluation on its landed properties.



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# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2009.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are as disclosed in Note 6 of the Notes to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS OF OPERATIONS

The profit after tax of the Group and of the Company for the financial year is RM8,624,612 and RM2,671,636 respectively.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

No dividends were paid or declared since the end of the last financial year except for the following:

Type	Date paid	Amount (RM)
3% interim single tier tax exempt dividend for year ended 31st December 2009	12th February 2010	1,380,000

The directors do not recommend the payment of any final dividend for the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

There were no shares and debentures issued by the Company during the financial year except for the following ordinary shares of RM0.50 each:

Date	Number	Purpose/consideration
30th June 2009	70,999,996	Acquisition of subsidiaries Total purchase consideration discharged by shares at par
23rd October 2009	21,000,000	Initial public offering at premium of RM0.15 per share

The above shares rank pari passu in all respects with the existing shares.

## Directors' Report

### OTHER STATUTORY INFORMATION

#### Bad and doubtful debts

Before the Income Statement and Balance Sheet of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

#### Current assets

Before the Income Statement and Balance Sheet of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading.

#### Valuation of assets and liabilities

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate.

#### Contingent and other liabilities

At the date of this report there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

#### Items of unusual nature

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements of the Group and of the Company misleading.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the succeeding financial year.



## Directors' Report

DATO' SERI TAN KING TAI @ TAN KHOON HAI, MR TEH ENG AUN, ENCIK KHAIRILANUAR BIN TUN ABDUL RAHMAN and TUAN HJ ISMAIL BIN TUNGGAK @ HJ AHMAD do not have any direct/deemed interest in the Ultimate Holding Company.

By virtue of their interest in the Ultimate Holding Company, MR CHUA AH BA @ CHUA ENG KA, MR CHUA EN HOM, MR CHUA ENG HUI and MR CHUA HEOK WEE are deemed to have interest in all the related companies to the extent of the interest of the Ultimate Holding Company.

### DIRECTORS' BENEFITS

During and at the end of the financial year the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in the Company or any other body corporate.

Since the end of the last financial year no director has received or become entitled to receive any benefit by reason of a contract made by the Company and a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest except as disclosed in Notes 20 and 27 of the Notes to the Financial Statements.

### ULTIMATE HOLDING COMPANY

The ultimate holding company is MBL Realty Sdn. Bhd. (761104-U), a company incorporated in Malaysia.

### AUDITORS

Parker Randall Loh has consented to be re-appointed.

Signed on behalf of the Board  
in accordance with a resolution of the directors

.....  
**DATO' SERI TAN KING TAI**  
**@ TAN KHOON HAI**  
Director

.....  
**CHUA HEOK WEE**  
Director

Dated: 22nd March 2010



## Statement By Directors

We, DATO' SERI TAN KING TAI @ TAN KHOON HAI and CHUA HEOK WEE, being two of the directors of MUAR BAN LEE GROUP BERHAD, state on behalf of the directors that in our opinion, the financial statements set out on pages 36 to 65 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs the Group and the Company as at 31st December 2009 and of the results and cash flows for the year ended on that date.

Signed on behalf of the Board  
in accordance with a resolution of the directors

.....  
**DATO' SERI TAN KING TAI**  
**@ TAN KHOON HAI**  
Director

.....  
**CHUA HEOK WEE**  
Director

Dated: 22nd March 2010

## Statutory Declaration

I, CHUA HEOK WEE, I/C No. 730314-01-5833, being the director primarily responsible for the accounting records and financial management of MUAR BAN LEE GROUP BERHAD, solemnly and sincerely declare that the financial statements set out on pages 36 to 65 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
CHUA HEOK WEE, I/C No. 730314-01-5833 )  
in accordance with a resolution of the directors )  
at GEORGETOWN in the State of PENANG )  
this 22nd day of March 2010 )

.....  
**CHUA HEOK WEE**  
Director

Before me,

.....  
Commissioner for Oaths

# Independent Auditors' Report To The Members Of Muar Ban Lee Group Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MUAR BAN LEE GROUP BERHAD, which comprise the balance sheets as at 31 December 2009 of the Group and the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on page 36 to 65.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31st December 2009 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Independent Auditors' Report

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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**PARKER RANDALL LOH** (AF 001841)  
Chartered Accountants

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**Loh Chye Teik** - No. 1652/8/10(J)  
Partner

Penang

22nd March 2010



# Consolidated Balance Sheet

As At 31st December 2009

	Notes	RM
<b>NON CURRENT ASSETS</b>		
Property, plant & equipment	4	13,114,616
Prepaid lease payments	5	288,662
<b>CURRENT ASSETS</b>		
Inventories	7	11,386,454
Trade receivables	8	17,991,921
Other receivables	9	1,785,644
Current income taxes	10	529,754
Fixed/other deposits with licensed banks	11	16,628,319
Cash & bank balances		4,694,482
		53,016,574
<b>CURRENT LIABILITIES</b>		
Trade payables	12	6,277,667
Hire purchase payables	13	171,898
Other payables	14	4,642,637
Term loans	15	200,391
		11,292,593
<b>NET CURRENT ASSETS</b>		41,723,981
<b>NON CURRENT LIABILITIES</b>		
Hire purchase payables	13	338,852
Term loans	15	436,728
Deferred income taxes	16	350,000
		(1,125,580)
		54,001,679
<b>CAPITAL &amp; RESERVES</b>		
Share capital	17	46,000,000
Share premium	18	1,307,756
Unappropriated profit		6,693,923
		54,001,679

The annexed notes form an integral part of these financial statements.

# Balance Sheet

As At 31st December 2009

	Notes	2009 RM	2008 RM
<b>NON CURRENT ASSETS</b>			
Investments in subsidiaries	6	35,499,998	–
<b>CURRENT ASSETS</b>			
Other receivables	9	3,773,834	69,089
Deposits with licensed banks	11	10,000,000	–
Cash & bank balances		264,891	2
		14,038,725	69,091
<b>CURRENT LIABILITIES</b>			
Other payables	14	1,490,020	2,925
<b>NET CURRENT ASSETS</b>			
		12,548,705	66,166
<b>NON CURRENT LIABILITIES</b>			
Other payables	14	–	(616,853)
		48,048,703	(550,687)
<b>CAPITAL &amp; RESERVES</b>			
Share capital	17	46,000,000	2
Share premium	18	1,307,756	–
Unappropriated profit/(accumulated loss)		740,947	(550,689)
		48,048,703	(550,687)

The annexed notes form an integral part of these financial statements.

# Consolidated Income Statement

For The Year Ended 31st December 2009

	Notes	RM
Revenue	19	25,417,173
Cost of sales		(14,913,058)
Gross profit		10,504,115
Other income		3,311,596
Distribution & administration expenses		(4,937,146)
Profit from operations	20	8,878,565
Finance costs	21	(82,953)
Profit before tax		8,795,612
Tax expense	22	(171,000)
Net profit for the year		8,624,612
Basic earnings per share	23	22.1 sen

The Consolidated Income Statement incorporates the audited Income Statement of the Company for the financial year ended 31st December 2009 and the Income Statements of its newly acquired subsidiaries for the period from 01st July 2009 to 31st December 2009 in accordance to the basis of consolidation as set out in Note 3.1 of the Notes to the Financial Statements.

The annexed notes form an integral part of these financial statements.

# Income Statement

For The Year Ended 31st December 2009

	<b>Notes</b>	<b>2009 RM</b>	<b>2008 RM</b>
Revenue	19	2,760,000	–
Other income		30,821	–
General & administration expenses		(119,185)	(3,116)
Profit/(loss) before tax	20	2,671,636	(3,116)
Tax expense	22	–	–
Net profit/(loss) for the year		2,671,636	(3,116)

The annexed notes form an integral part of these financial statements.

## Statement Of Changes In Equity

For The Year Ended 31st December 2009

<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Unappropriated profit/ (accumulated loss)</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 01.01.09	2	-	(550,689)	(550,687)
Issue of shares	45,999,998	3,150,000	-	49,149,998
Listing expenses	-	(1,842,244)	-	(1,842,244)
Net profit for the year	-	-	8,624,612	8,624,612
Dividends (Note 24)	-	-	(1,380,000)	(1,380,000)
Balance as at 31.12.09	46,000,000	1,307,756	6,693,923	54,001,679

<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Unappropriated profit/ (accumulated loss)</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 01.01.08	2	-	(547,573)	(547,571)
Net loss for the year	-	-	(3,116)	(3,116)
Balance as at 31.12.08	2	-	(550,689)	(550,687)
Issue of shares	45,999,998	3,150,000	-	49,149,998
Listing expenses	-	(1,842,244)	-	(1,842,244)
Net profit for the year	-	-	2,671,636	2,671,636
Dividends (Note 24)	-	-	(1,380,000)	(1,380,000)
Balance as at 31.12.09	46,000,000	1,307,756	740,947	48,048,703

The annexed notes form an integral part of these financial statements.

# Consolidated Cash Flow Statement

For The Year Ended 31st December 2009

	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before tax	8,795,612
Adjustments (Note 25.1)	(2,646,692)
<hr/>	
Operating profit before working capital changes	6,148,920
Changes in working capital (Note 25.2)	(1,497,980)
<hr/>	
Cash generated from operations	4,650,940
Tax paid	(425,544)
Interest paid	(82,953)
Interest received	93,378
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Net cash generated from operating activities	4,235,821
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of subsidiaries (Note 25A)	7,494,826
Purchase of property, plant & equipment (Note 25.3)	(996,848)
<hr/>	
Net cash generated from investing activities	6,497,978
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	13,650,000
Listing expenses paid	(1,842,244)
Repayment of	
- term loans	(2,051,778)
- hire purchase payables	(139,958)
Placement of fixed deposits	(682,109)
<hr/>	
Net cash generated from financing activities	8,933,911
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<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>19,667,710</b>
Cash & cash equivalents at the beginning of the year	2
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Cash & cash equivalents at the end of the year (Note 25.4)	19,667,712

The annexed notes form an integral part of these financial statements.

# Cash Flow Statement

For The Year Ended 31st December 2009

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	2,671,636	(3,116)
Adjustments for:		
Interest received	(30,821)	-
Operating profit/(loss) before working capital changes	2,640,815	(3,116)
Increase/decrease in:		
Receivables	68,089	(69,089)
Payables	107,095	(2,925)
Subsidiaries	(4,389,687)	75,130
Cash used in operations	(1,573,688)	-
Interest received	30,821	-
Net cash used in operating activities	(1,542,867)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	13,650,000	-
Listing expenses paid	(1,842,244)	-
Net cash generated from financing activities	11,807,756	-
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>10,264,889</b>	<b>-</b>
Cash & cash equivalents at the beginning of the year	2	2
Cash & cash equivalents at the end of the year (Note 25.4)	10,264,891	2

The annexed notes form an integral part of these financial statements.

# Notes To The Financial Statements

For The Year Ended 31st December 2009

## 1. GENERAL INFORMATION

The Company is a public limited liability company domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company commenced operations on 30th June 2009. The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 6 of the Notes to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in conformity with the applicable approved accounting standards for entities other than private entities [Financial Reporting Standards (FRS)] issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 1965.

During the financial year, the Group and the Company have adopted all the relevant new/revised FRSs and Interpretations (IC) issued by MASB that are effective for annual period commencing on or after 01st January 2009. The adoption has not resulted in any significant change in the accounting policies of the Group and the Company.

The Group has adopted early FRS 8 "Operating Segments" although FRS 8 is effective for annual periods commencing on and after 01st July 2009. This is the first set of financial statements prepared by the Group and FRS 8 is concerned with disclosures only and has no impact on measurement/recognition.

The Company has not applied early the following standards issued by the MASB :

* FRS 7	"Financial Instruments : Disclosures"
* FRS 101 (Revised)	"Presentation of Financial Statements"
* FRS 127 (Amended)	"Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
* FRS 139	"Financial Instruments : Recognition and Measurement"
* FRSs (Amendments)	"Improvement to FRSs (2009)"
+ FRS 3 (Revised)	"Business Combinations"
+ FRS 127 (Revised)	"Consolidated and Separate Financial Statements"
+ FRS 138 (Amended)	"Intangible Assets"

Effective for annual periods commencing on and after

- \* 01st January 2010
- + 01st July 2010

The transitional provisions in FRS 7 and FRS 139 exempt entities from the disclosure of the possible impact on the financial statements from initial application. The Group and Company plans to apply FRS 7 and FRS 139 when effective.

The changes in FRS 101 (revised) will have no material impact on the amount included in the financial statements and it is concerned with disclosures only.

The initial adoption of other revised and amended FRSs is not expected to have material impact on the financial statements of the Group and the Company.

There are no other relevant new/revised FRSs and ICs which have been issued but not yet effective as at the date the financial statements of the Group and the Company are authorised for issue.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 2.2 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost convention.

### 2.3 Functional and presentation currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia (RM) which is the functional currency of the Group and the Company.

### 2.4 Judgements and estimates

The preparation of financial statements requires the management to make judgements and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates are reviewed on an ongoing basis. Revision in estimates is recognised in the period in which the estimates are revised and in the future periods affected.

In the process of applying the accounting policies, the management has made critical judgements, apart from those involving estimations. There are no areas of judgements that can significantly affect the amount recognised in the financial statements.

Information about the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year is as below:

#### 2.4.1 Depreciation of property, plant and equipment

The estimates of the residual values and useful life for property, plant and equipment are based on commercial and operating factors which could change significantly as a result of technological development and competitive market position.

The Group anticipates that the residual values of property, plant and equipment to be insignificant. The depreciation charge could be revised when the economic useful life vary from those previously estimated.

#### 2.4.2 Income taxes

There are certain transactions and computations for which the final tax determination is doubtful in the ordinary course of business. Where the conclusive outcome of these matters are different from the amounts that were initially accounted, there will be an impact on the income/deferred tax estimation/recognition respectively in the period in which final determination is made.

#### 2.4.3 Carrying amount

The carrying amounts of those assets and liabilities under key sources of estimation uncertainty are as disclosed in the respective Notes to the Financial Statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial period. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

Subsidiaries are consolidated by using the purchase method. Uniform accounting policies are used for like transactions and events in similar circumstances. Intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Goodwill represents the excess of the cost of the business combination over the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment loss. The excess of the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised immediately in profit or loss.

### 3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Freehold land is not depreciated. Freehold buildings are depreciated on a straight line basis over 50 years. Leasehold buildings are depreciated on a straight line basis over 50 years or the period of lease whichever is the shorter.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives at the following annual rates:

Plant & machinery	10%
Furniture & fittings	5%
Office equipment	10% - 30%
Motor vehicles	20%

### 3.3 Research and development costs

Research and development costs comprise direct expenses and attributable overheads incurred in original/ planned investigation undertaken and application of research findings into design for new/improved production. Research costs are expensed in the period in which they are incurred. Development costs are capitalised if they are related to products which will generate future economic benefits. The amount capitalised is amortised on a straight line basis over a period of five (5) years commencing from the year of commercial production.

The unamortised balance of development costs will be written off as soon as any of the criteria for recognition as an asset ceased to be met. The amount written off is recognised as an expense in the period in which the write off occurs. The amount written off will be written back when the circumstances and events that led to the write off cease to exist and there is persuasive evidence the new circumstances and events will persist for the foreseeable future. The accounting policy for the impairment of development costs is set out in Note 3.5 "Impairment of assets" of the Notes to the Financial Statements.

### 3.4 Investments

Investments are stated at cost. Investments are written down when there is an impairment loss which is other than temporary. An impairment loss is charged to the Income Statement in the period in which such a loss is identified.

A subsidiary is an enterprise that is controlled by the Company. Control is the power to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 3.5 Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the recoverable amount is estimated for individual asset, unless the asset does not generate cash flows from continuing use that are largely independent of those from other assets, for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of the net selling price and the value in use estimated by discounting expected future cash flows to the present value. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is charged to the Income Statement immediately. Any subsequent increase in the recoverable amount is reduced by the amount that would have been recognised as amortisation and depreciation had the write down not occurred. Such subsequent increase in recoverable amount is recognised in the Income Statement immediately.

### 3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Cost of raw materials consists of purchase price and cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods included raw materials, direct labour and an appropriate proportion of production overheads.

### 3.7 Receivables

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful.

### 3.8 Leases/hire purchase

The cost of property, plant and equipment acquired under finance leases/hire purchase instalment plans where substantially all the risks and rewards incidental to the ownership of the assets are transferred to the Group are capitalised. For finance leases, capitalisation is by recording an asset and liability equal to the lower of the present value of the minimum lease payments (including any guaranteed residual values) and the fair value of the leased assets at the inception of the lease. In the case of hire purchase instalment plans, the corresponding outstanding obligations due after deducting finance charge are included as liabilities. These property, plant and equipment are depreciated on the same basis as owned assets.

Lease payments are apportioned between the reduction of the lease liability and the finance charge. The finance lease/hire purchase finance charge is allocated to the Income Statement over the period of the respective agreements by using the "Sum-of-the-Digits" method to give a constant periodic rate of charge on the remaining lease/hire purchase liabilities.

Leases that do not meet the above criteria are treated as operating leases and the related rentals are charged to the Income Statement in the period in which they are incurred.

A lease of land will be an operating lease if the title is not expected to pass to the lessee by the end of the lease term. A payment made on entering into or acquiring a leasehold represents prepaid lease payment which is amortised over the lease term according to the pattern of benefit provided.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 3.9 Foreign currencies

Transactions in foreign currencies have been converted into Malaysian Ringgit at the rates ruling on the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date have been translated at approximately the rates ruling on that date. Exchange differences are dealt with in the Income Statement.

The closing rates used in the translation of foreign currency balances (for 2009 only) are:

	<b>RM</b>
1 CNY	0.503
1 SGD	2.410
1 USD	3.429

### 3.10 Financial instruments

#### 3.10.1 Instruments recognised

Financial assets and financial liabilities carried on the balance sheet include trade/other receivables, fixed/other deposits with licensed banks, cash/bank balances, trade/hire purchase/other payables and term loans.

Interest, losses and gains relating to financial instruments classified as financial liabilities are reported in the Income Statement as expense or income.

#### 3.10.2 Fair value

The book values of term loans with floating interest rates approximate to fair values intrinsically.

The fair values of long term payables with fixed interest rates are derived from the present values of future cash flows based on prevailing interest rates.

For cash and cash equivalents, trade and other receivables, trade and other payables, the carrying amounts approximate the fair values due to the relatively short term nature of these financial instruments.

### 3.11 Employee benefits

#### 3.11.1 Short-term benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employee rendered the related service. Salaries, wages, allowances, bonuses, social security contributions and paid annual/sick leave are recognised as expenses in the period in which the services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by the employees that increase their entitlement to future compensated absences and short-term non accumulating absences such as sick leave are recognised when the absences occur.

#### 3.11.2 Defined contribution plans

Defined contribution plans are post employment benefit plans under which the Group pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a statutory requirement, the Group makes contribution to state pension scheme, the Employees Provident Fund ("EPF"). EPF contribution is recognised as an expense in the Income Statement as incurred.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 3.11.3 Termination benefits

Termination benefits are employee benefits payable as a result of the decision of the Group to terminate the employee before the normal retirement date or the decision of the employee to accept voluntary redundancy in exchange of those benefits. Termination benefits are recognised as liabilities and expenses when, and only when, the Group is demonstrably committed to the termination or offer for voluntary redundancy.

### 3.12 Revenue recognition

#### 3.12.1 Sales of goods

Revenue from sales of goods is recognised upon delivery of goods and acceptance by customers.

#### 3.12.2 Dividends

Dividends from investments are recognised when the right to receive payment is established.

#### 3.12.3 Interest

Interest on fixed/other deposits with licensed banks and bank balances is recognised on an accrual basis.

#### 3.12.4 Rental

Revenue from rental of property, plant and equipment is recognised on accrual basis at agreed rental rates.

### 3.13 Income taxes

Tax expense is the aggregate amount included in the determination of net profit or loss for the period in respect of current tax and deferred tax.

Deferred tax is recognised in full by using the balance sheet liability method on temporary differences arising on the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent it is probable that sufficient taxable profit will be available against which the assets can be utilised.

Tax rates enacted or substantially enacted at the balance sheet date are used to determine deferred tax.

### 3.14 Cash & cash equivalents

Cash & cash equivalents comprise cash/bank balances and fixed/other deposits with licensed banks (except those pledged as securities for credit facilities).

### 3.15 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision makers for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the a nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 4. PROPERTY, PLANT & EQUIPMENT

Group only	Land & buildings RM	Plant & machinery RM	Furniture, fittings & office equipment RM	Motor vehicles RM	Total RM
Cost					
Acquisition of subsidiaries	10,752,971	2,760,020	780,214	2,565,733	16,858,938
Additions	107,000	11,400	42,130	827,518	988,048
Balance as at 31.12.09	10,859,971	2,771,420	822,344	3,393,251	17,846,986
Accumulated depreciation					
Acquisition of subsidiaries	611,186	2,048,851	375,982	1,259,074	4,295,093
Charge for the year	72,986	85,189	35,475	243,627	437,277
Balance as at 31.12.09	684,172	2,134,040	411,457	1,502,701	4,732,370
Net book value as at 31.12.09	10,175,799	637,380	410,887	1,890,550	13,114,616
					<b>Group RM</b>
Net carrying amount of land & buildings					
- freehold					
- land					3,545,775
- buildings					5,529,859
					9,075,634
- short-term leasehold buildings					1,100,165
					10,175,799
Net carrying amount of land & buildings charged as securities for credit facilities granted to MBLE					7,099,625
Net carrying amount of property, plant & equipment acquired under hire purchase instalment plans					
- plant & machinery					187,342
- motor vehicles					1,396,778
					1,584,120
Cost of fully depreciated property, plant & equipment that are still in use					
- plant & machinery					1,647,556
- furniture, fittings & office equipment					137,401
- motor vehicles					459,268
					2,244,225

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 5. PREPAID LEASE PAYMENTS

<b>Group only</b>	<b>Short-term leasehold land RM</b>
Cost	
Acquisition of subsidiaries/ Balance as at 31.12.09	393,630
Accumulated amortisation	
Acquisition of subsidiaries Charge for the year	101,688 3,280
Balance as at 31.12.09	104,968
Carrying amount as at 31.12.09	288,662

The only short-term leasehold land has been charged as a security for credit facilities granted to MBLE.

### 6. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	35,499,998	-

Particulars of the subsidiaries which are all wholly-owned and incorporated in Malaysia are as follow:

<b>Name</b>	<b>Principal activities</b>
Muar Ban Lee Engineering Sdn. Bhd. (166822-V)[MBLE]	Manufacturer of oil seed expellers and related parts
Muar Ban Lee Technology Sdn. Bhd. (664866-T)[MBLT]	Manufacturer of automated kernel crushing plants and related parts

All the subsidiaries were acquired on 30th June 2009.

### 7. INVENTORIES

	<b>Group RM</b>
Raw materials	4,445,120
Work in progress	6,941,334
	11,386,454

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 8. TRADE RECEIVABLES

The normal credit periods granted to customers range from 30 days to 120 days. Credit periods granted to customers for plant setup sales and services are based on mutually agreed terms.

### 9. OTHER RECEIVABLES

	<b>Group</b>	<b>Company</b>	
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ultimate Holding Company	3,531	-	-
Subsidiaries	-	1,012,834	-
Dividends receivable	-	2,760,000	-
Other receivables	82,559	-	-
Deposits & prepayments	1,699,554	1,000	69,089
	<hr/> 1,785,644	<hr/> 3,773,834	<hr/> 69,089

The amount owing by Ultimate Holding Company and subsidiaries is unsecured, interest free and there is no fixed term of repayment.

### 10. CURRENT INCOME TAXES

	<b>Group</b>	<b>Company</b>	
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Acquisitions of subsidiaries	(210,210)	-	-
Estimation for current year	106,000	-	-
	<hr/> (104,210)	<hr/> -	<hr/> -
Tax paid	(425,544)	-	-
	<hr/> (529,754)	<hr/> -	<hr/> -

### 11. FIXED/OTHER DEPOSITS WITH LICENSED BANKS

	<b>Group</b>	<b>Company</b>
	<b>2009</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Amount pledged as securities for bank guarantees granted to the subsidiaries	1,638,602	-
Amount not pledged	14,989,717	10,000,000
	<hr/> 16,628,319	<hr/> 10,000,000

The interest rate for fixed/other deposits is between 1.87% p.a. and 3.50% p.a.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 12. TRADE PAYABLES

The normal credit periods granted by suppliers range from 30 days to 120 days.

### 13. HIRE PURCHASE PAYABLES

	Group RM
Balance outstanding net of unexpired term charges RM34,759	510,750
Amount due not later than one year (shown under current liabilities)	171,898
<hr/>	
Amount due later than one year and not later than five years	338,852
<hr/>	
Fair value	484,700

Principal	Term of repayment	Interest rate
RM800,000	Amount (including interest) per instalment: RM2,980 to RM4,616 Duration: 36 months Commencement date: March 2008 to November 2009	2.35% p.a. to 3.59% p.a.

The hire purchase payables are secured by property, plant and equipment at net carrying amount as disclosed in Note 4 of the Notes to the Financial Statements.

### 14. OTHER PAYABLES

	Group 2009 RM	Company 2009 RM	Company 2008 RM
Subsidiaries (related parties in 2008, payable after one year)	-	-	616,853
Customers' deposits	2,313,483	-	-
Dividends payable	1,380,000	1,380,000	-
Other payables	407,146	-	-
Accrued charges	542,008	110,020	2,925
<hr/>		<hr/>	
	4,642,637	1,490,020	619,778

The amount owing to subsidiaries is unsecured, interest free and there is no repayment.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 15. TERM LOANS (SECURED)

	<b>Group RM</b>
Principal outstanding	637,119
Amount due not later than one year (shown under current liabilities)	200,391
<hr/>	
Amount due later than one year and not later than five years	436,728
<hr/>	
Fair value	637,119
<hr/>	

<b>Principal</b>	<b>Term of repayment</b>	<b>Interest rate</b>
RM1,000,000	Amount (including interest) per instalment: RM19,991 Duration: 60 months Commencement date: January 2008	6.20% p.a. to 7.15% p.a. on monthly rest basis

The term loans are secured by :

- (1) legal charges over
  - two (2) pieces of freehold land of MBLE (other credit facilities also)
  - a freehold land and building of MBLE (for Al Bai Bithaman Ajil financing in 2008)
- (2) joint and several guarantee by certain directors of MBLE.

### 16. DEFERRED INCOME TAXES

	<b>Group 2009 RM</b>
Acquisition of subsidiaries	285,000
Amount transferred from Income Statement on liability (recognition for current year)	65,000
<hr/>	
Balance as at 31st December 2009	350,000
<hr/>	

The balance of deferred income taxes represents the tax effect of temporary differences arising on excess of capital allowances over accounting depreciation.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 17. SHARE CAPITAL

	<b>Group 2009 RM</b>	<b>Company 2009 RM</b>	<b>Company 2008 RM</b>
Authorised:			
Ordinary shares of RM0.50 each	100,000,000	100,000,000	100,000
Issued and fully paid:			
Ordinary shares of RM0.50 each	46,000,000	46,000,000	2

During the financial year, the Company increased its authorised capital from RM100,000 to RM100,000,000 by the creation on an additional 199,800,000 ordinary shares of RM0.50 each.

The Company also issued the following ordinary shares of RM0.50 each as follows:

<b>Date</b>	<b>Number</b>	<b>Purpose/consideration</b>
30th June 2009	70,999,996	Acquisition of subsidiaries Total purchase consideration discharged by shares at par
23rd October 2009	21,000,000	Initial public offering at premium of RM0.15 per share

The above shares rank pari passu in all respects with the existing shares.

### 18. SHARE PREMIUM

	<b>Group/ Company 2009 RM</b>	<b>Company 2008 RM</b>
Premium arising from public issue	3,150,000	-
Listing expenses	(1,842,244)	-
	1,307,756	-

The share premium is not distributable by way of dividends.

### 19. REVENUE

Revenue for the Group represents sales of goods less returns and discounts. Revenue for the Company represents gross dividend income.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 20. PROFIT/(LOSS) FROM OPERATIONS

	<b>Group 2009 RM</b>	<b>Company</b>	
		<b>2009 RM</b>	<b>2008 RM</b>
Profit/(loss) from operations is after charging:			
Amortisation of prepaid lease payments	3,280	-	-
Audit fee			
- statutory audit	23,500	10,000	500
- special audit/other services	(10,250)	1,000	-
Depreciation	436,563	-	-
Directors' remuneration			
- fees	96,000	96,000	-
- salaries, allowances & bonuses	530,827	-	-
- EPF contributions	63,540	-	-
Loss on foreign exchange			
- realised from transactions	93,648	-	-
- unrealised on translations	27,672	-	-
Professional fees paid to a firm of which a director is a member	1,200	-	-
Rental of buildings	6,900	-	-
Research & development costs			
- directors' remuneration			
- salaries, allowances & bonuses	154,500	-	-
- EPF contributions	18,540	-	-
- depreciation	714	-	-
- staff costs			
- salaries, allowances & bonuses	47,849	-	-
- EPF contributions	8,904	-	-
- others	1,482	-	-
Staff costs			
- salaries, allowances & bonuses	1,305,929	-	-
- EPF & Socso contributions	103,673	-	-
And crediting:			
Dividends income from unquoted shares in subsidiaries (gross)	-	2,760,000	-
Gain on foreign exchange (realised)	106,942	-	-
Interest on			
- bank balances	3,364	-	-
- bankers' acceptance (repo)	68,767	30,821	-
- fixed deposits with licenced banks	21,247	-	-
Rental of buildings	10,350	-	-
Recognition of negative goodwill arising on business combination	3,104,496	-	-

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 21. FINANCE COSTS

	<b>Group RM</b>
Interest on	
- hire purchase	13,405
- term loans	69,548
	<hr/> 82,953 <hr/>

### 22. TAX EXPENSE

	<b>Group 2009 RM</b>	<b>Company 2009 RM</b>	<b>2008 RM</b>
Current tax expense (estimation for current year)	106,000	-	-
Deferred tax expense (recognition for current year)	65,000	-	-
	<hr/> 171,000 <hr/>	-	-
Amount of tax savings for which credit is taken due to the utilisation of current year tax loss	6,000	6,000	-
Amount of tax savings in the current year due to the utilisation of reinvestment allowance	4,000	-	-
Estimated amount and future availability of tax loss for which the related tax effects have not been accounted for	(86,000)	(86,000)	-

Reconciliation of the average effective tax rate [tax expense divided by profit/(loss) before tax] and the applicable tax rate:

	<b>Group 2009 %</b>	<b>Company 2009 %</b>	<b>2008 %</b>
Applicable tax rate	24.7	20.0	(20.0)
Tax effect of expenses that are not deductible for tax purposes	2.0	-	20.0
Expenses eligible for double deduction	(0.1)	-	-
Income exempted from tax	(24.8)	(20.6)	-
Deferred tax asset on unused tax losses not recognised	0.2	0.6	-
Average effective tax rate	<hr/> 2.0 <hr/>	-	-

For Year of Assessment 2009, the income tax rate applicable to the subsidiaries on chargeable income above RM500,000 is reduced from 26% to 25%.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

MBLE is claiming for Reinvestment Allowance (RA) under Schedule 7A of the Income Tax Act, 1967. The RA is computed at 60% of the qualifying expenditure incurred within fifteen (15) years from YA 2005 (year in which the qualifying expenditure was first claimed).

MBLT has been granted pioneer status by the Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 for the manufacture of automated kernel crushing plant and related parts. With the pioneer status, 100% of the statutory business income of MBLT will be exempted from income tax for ten (10) years from 2006 (the first year in which MBLT has statutory business income).

The Company has no Section 108 tax credit as at 01st January 2008 and has been automatically allowed to move to the single tier tax systems introduced by Section 20 of the Finance Act, 2007 with effect from Year of Assessment 2008. Hence the entire unappropriated profit of the Company may be distributed as single tier exempt dividends.

### 23. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	RM
Profit attributable to ordinary equity holders of the Company	8,624,612
Weighted average number of ordinary shares in issue	39,000,002
Basic earnings per share	22.1 sen

### 24. DIVIDENDS

	Company	
	2009	2008
	RM	RM
3% interim single tier tax exempt dividend for year ended 31st December 2009	1,380,000	-
Dividend per share (gross)	1.5 sen	-

### 25. CASH FLOW STATEMENT

	Group 2009 RM
<b>25.1 Adjustments</b>	
Depreciation	437,277
Amortisation of prepaid lease payments	3,280
Interest paid	82,953
Interest received	(93,378)
Realised/unrealised exchange differences	27,672
Recognition of negative goodwill	(3,104,496)
	(2,646,692)

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 25.2 Changes in working capital

Increase/decrease in:	
Inventories	(238,511)
Receivables	(6,715,042)
Payables	5,459,104
Ultimated Holding Company	(3,531)
	<hr/>
	(1,497,980)

### 25.3 Property, plant & equipment

Aggregate cost of property, plant & equipment acquired	988,048
Amount financed under hire purchase instalment plans	(150,000)
Subsequent payment of amount included in "other payables"	158,800
	<hr/>
	8,800
Cash payments made to purchase property, plant & equipment	996,848

	<b>Group</b>	<b>Company</b>	
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>25.4 Cash &amp; cash equivalents</b>			
Fixed/other deposits with licensed banks	16,628,319	10,000,000	-
Cash & bank balances	4,694,482	264,891	2
	<hr/>		
Fixed deposits pledged	21,322,801 (1,638,602)	10,264,891 -	2 -
	<hr/>		
Unrealised exchange loss	19,684,199 (16,487)	10,264,891 -	2 -
	<hr/>		
	19,667,712	10,264,891	2

### 25.5 Credit facilities

Amount of undrawn/unused credit facilities that may be available for future operating activities	7,205,000	-	-
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The credit facilities are secured in the same manner as described in Note 15 of the Notes to the Financial Statements and further by legal charge over the only short-term leasehold building of MBLE.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

	<b>Group RM</b>
<b>25A Acquisition of subsidiaries</b>	
Fair value of assets acquired and liabilities assumed:	
Property, plant & equipment	12,563,845
Prepaid lease payments	291,942
Inventories	11,147,943
Trade receivables	11,521,057
Other receivables	3,703,776
Fixed/other deposits with licensed banks	5,248,117
Current income taxes	210,210
Cash & bank balances	3,247,361
Trade payables	(2,259,786)
Hire purchase payables	(350,708)
Other payables	(3,745,366)
Term loans	(2,688,897)
Deferred income taxes	(285,000)
<hr/>	
Net assets acquired	38,604,494
Negative goodwill on acquisition	(3,104,496)
<hr/>	
Total cost of acquisition	35,499,998
Total purchase consideration discharged by shares	(35,499,998)
Cash & cash equivalents of subsidiaries acquired	7,494,826
<hr/>	
Net cash inflow on acquisition of subsidiaries	7,494,826
<hr/>	

### Company

As the total purchase consideration is discharged by shares, there are no cash payments made to purchase of investments in subsidiaries and proceeds from issue of shares.

### 26. HOLDING COMPANY

The immediate and ultimate holding company is MBL Realty Sdn. Bhd. (MBLR) [761104-U]. The effective interest of MBLR in the Company is 51.21%.

### 27. RELATED PARTIES

	<b>Group 2009 RM</b>
Expenses	
- secretarial fee (TCMS only)	1,200
<hr/>	

## Notes To The Financial Statements

For The Year Ended 31st December 2009

Particulars of the related parties are as follow :

Name	Nature of relationship
MBLE (Note 6)	The Company is indirectly through intermediaries under common control with MBLE. Both the directors (who are the only members) of the Company are accustomed to act in accordance with the instructions of Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee ("CEK and 3 others"). CEK and 3 others have interest in MBLE over which they are in a position to exercise control. All the said persons are also the directors of MBLE. On 30th June 2009, MBLE became a wholly-owned subsidiary of the Company (Note 33.1).
Tan Commercial Management Services Sdn. Bhd. (TCMS)[85193-P]	Dato' Seri Tan King Tai @ Tan Khoon Hai is a director/member of TCMS and has interest over which he is able to exercise control.

For 2008, the amount owing to MBLE is disclosed in Note 14 of the Notes to Financial Statements.

All the related parties are companies incorporated in Malaysia.

The above transactions have been entered into in the normal course of business.

	<b>Group 2009 RM</b>
Key management personnel compensation	
- short-term employee benefits	782,540
- post employment benefits (defined contribution plan)	82,080
	864,620

All the members of the key management personnel are the directors.

For 2009, the number of directors of the Company whose total remuneration during the financial year falls in bands of RM50,000 is analysed below:

	<b>Number of directors</b>
Executive Directors :	
Below RM50,000	1
RM150,001 - RM200,000	3
RM200,001 - RM250,000	1
Non-Executive Directors :	
Below RM50,000	3

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 28. BANK GUARANTEES (SECURED)

Particulars of the bank guarantees which are secured in the same manner as described in Notes 11 and 25.5 of the Notes to the Financial Statements are as follow:

Nature	Expiry date	Amount issued RM	Amount outstanding RM
Group only			
Financial guarantee for customs duties & supply of electricity	April 2010 to November 2010	47,000	9,103

### 29. CAPITAL COMMITMENTS

	Group RM
Amount approved and contracted for plant & machinery	1,781,000

### 30. FINANCIAL INSTRUMENTS

Foreign currency exposure profile

Group only	Trade receivables RM	Other receivables RM	Cash & bank balances RM	Trade payables RM	Other payables RM	Net exposure RM
<b>2009</b>						
CNY	-	-	-	33,008	-	(33,008)
SGD	-	-	-	14,165	-	(14,165)
USD	3,302,553	56,060	1,284,740	201,140	1,714,172	2,728,041

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Group and the Company involving the use of financial instruments expose them to a variety of financial risks including interest rate risk, credit risk, liquidity risk and foreign currency risk. The overall financial risk management objectives of the Group and the Company are to ensure that adequate financial resources are available for the development of the business and to minimise potential adverse effects on its financial performance.

Financial risk management is carried out through risk review, internal control systems and adherence to financial risk management policies. The Board of Directors regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 31.1 Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to interest rate risk relates primarily to fixed/other deposits and interest bearing borrowings.

Fixed/other deposits are placed with licensed banks (partly as securities for credit facilities) to earn interest income based on prevailing market rates. The Group and the Company manages its interest rate risk by placing such funds on short tenures of 12 months or less.

The policy of the Group is to borrow on fixed/floating rate basis to finance capital expenditure/operations. The Group does not hedge its interest rate risk. The Group has a policy to ensure that the interest rates obtained are competitive under most favorable terms and conditions.

### 31.2 Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group minimises and monitors its credit risk by dealing with credit worthy counter parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter parties as a means of mitigating losses in the event of default. Trade receivables are monitored on an ongoing basis.

### 31.3 Liquidity risk

The Group and the Company seek to maintain optimum levels of liquidity at all times, sufficient for its operating, investing and financing activities.

The policy is to ensure that through efficient working capital management (accounts receivable and accounts payable management), the Group and the Company are able to convert its current assets into cash to meet all demands for payments as and when they fall due.

Owing to the nature of its business, the Group and the Company seek to maintain sufficient credit lines available to meet its liquidity/contingent funding requirement while ensuring effective working capital management.

### 31.4 Foreign currency risk

The Group is exposed to foreign currency risk on transactions, assets and liabilities denominated in a currency other than the Malaysian Ringgit. The currencies giving to this risk are those of the countries with which the Group trades. Foreign exchange exposures in transactional currencies are kept to an acceptable level. The Group uses foreign currency forward contracts to hedge its material foreign currency exposures.

## 32. SEGMENT REPORTING

The Group's businesses are presented in the following segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment:

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 32.1 Segments results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reportable segment.

The measure used for reporting segment profit is "profit from operations". To arrive at "profit from operations". The Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

Segment assets include all tangible assets, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include all trade payables and accruals attributable to the manufacturing and sales activities of the individual segments, bank loans managed directly by the segments, and other current liabilities with the exception of deferred tax liabilities and other corporate liabilities.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:

	Plant setup ancillary machinery, oil seed expellers & EFB RM	Spare parts RM	Segment total RM
Revenue from external customers	17,819,228	7,597,945	25,417,173
Inter-segment revenue	-	-	-
<b>Reportable segment revenue</b>	<b>17,819,228</b>	<b>7,597,945</b>	<b>25,417,173</b>
<b>Reportable segment profit from operations</b>	<b>4,921,308</b>	<b>941,125</b>	<b>5,862,433</b>
Interest income	43,857	18,700	62,557
Finance costs	(37,444)	(45,509)	(82,953)
Depreciation and amortisation for the year	(308,861)	(131,696)	(440,557)
Other material profit or loss items: (exchange loss)	(10,080)	(4,298)	(14,378)
Tax expense	(79,935)	(91,065)	(171,000)
<b>Reportable segment assets</b>	<b>12,781,166</b>	<b>5,740,509</b>	<b>18,521,675</b>
<b>Reportable segment liabilities</b>	<b>4,418,105</b>	<b>2,209,562</b>	<b>6,627,667</b>

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 32.2 Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	<b>2009</b>
	<b>RM</b>
<b>Revenue</b>	
Reportable segment revenue/Consolidated turnover	25,417,173
<b>Profit</b>	
Reportable segment profit from operations	5,862,433
Finance costs	(82,953)
Tax expense	(171,000)
Unallocated head office and corporate expenses	3,016,132
Consolidated profit before taxation	8,624,612
<b>Assets</b>	
Reportable segment assets	18,521,675
Elimination of inter-segment receivables	-
Unallocated head office and corporate assets	47,898,177
Consolidated total assets	66,419,852
<b>Liabilities</b>	
Reportable segment liabilities	6,627,667
Elimination of inter-segment payables	-
Unallocated head office and corporate liabilities	5,790,506
Consolidated total liabilities	12,418,173

### 32.3 Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

	<b>Local</b>	<b>Export</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue from external customers	702,310	24,714,863	25,417,173

During the year, three (3) external customers of the Group accounted for more than 10% of the total revenue of the Group as follows:

<b>Customers</b>	<b>Total</b>
	<b>RM</b>
1	3,390,900
2	3,404,017
3	3,665,513

## Notes To The Financial Statements

For The Year Ended 31st December 2009

### 33. SIGNIFICANT EVENTS

Listing on the Main Market of Bursa Malaysia

On 28th October 2009, the entire issued and paid up capital of the Company was listed on Main Market of Bursa Malaysia. The listing scheme is as follows:

#### 33.1 Acquisition of subsidiaries

On 30th June 2009, the Company acquired investments in subsidiaries (Note 6) as follow:

Name	Number ordinary shares of RM1 each acquired	Consideration (RM)	Effective interest
MBLE	2,000,000	30,399,998	100%
MBLT	200,000	5,100,000	100%

#### 33.2 Holding Company

On 01st July 2009, MBLR (Note 26) acquired 53,222,080 ordinary shares of RM0.50 each representing 74.96% of the entire issued share capital of the Company from the vendors of MBLE and MBLT. Hence MBLR became the Holding Company.

#### 33.3 Initial Public Offering (IPO)

The IPO comprised public issue of 21,000,000 ordinary share of RM0.50 each and offer for sale of 7,000,000 ordinary share of RM0.50 each at an offer price of RM0.65 per share.

### 34. COMPARATIVES

There are no comparatives for the Group as this is the first set of financial statements prepared by the Group.

The following comparatives of the Company have been reclassified to conform with the current period presentation:

	As previously reported RM	Company Reclassi- fications RM	As reclassified RM
Balance Sheet			
Other payables			
- subsidiaries	-	616,853	616,853
- others	619,778	(616,853)	2,925

### 35. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 22nd March, 2010.

## List Of Group Properties

The details of landed properties owned by the Group are as follows:

Registered Owner	Address	Title/ Location	Existing use/ Description	Land/ (Built-up area)	Age of building/ Tenure	Net book value as at 31st December 2009
MBLE	21, Jalan Rami 4, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	HS(D)21319, PTD No 1463, Mukim of Sungai Raya District of Muar Johor	Industrial land together with 2 storey factory and office building	0.607 hectares/ (38,934 sq. ft.)	10 years/ 60 years lease expiring on 20 May 2056	1,388,827
MBLE	JR 52, Lot 1818 Jln Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	GM No 1416, Lot No 1818, Mukim of Sungai Raya District of Muar State of Johor	Industrial land together with factory building and 3-storey permanent office	1.3835 hectares/ (148,918 sq. ft.)	Freehold	5,455,286
MBLE	Not applicable	HS(M)780, PTD No 1303, Mukim of Sungai Raya District of Muar State of Johor	Agricultural	0.6766 hectares	Freehold	430,000
MBLE	Not applicable	HS(M)781, PTD No 1304, Mukim of Sungai Raya District of Muar State of Johor	Agricultural	0.6766 hectares	Freehold	430,000
MBLE	Not applicable	HS(M)2435, PTD No. 6103, Mukim of Jalan Bakri District of Muar State of Johor	Agricultural	1.9728 hectares	Freehold	780,000
MBLE	Not applicable	HS(D)33696, PTD No. 10622, and HS(D)33697 PTD No. 10621 Mukim Jalan Bakri District of Muar State of Johor	Industrial	49,995.336 sq. ft./ (53,625.825 sq. ft.)	Freehold	1,169,641
MBLE	Unit No A-33-14, Tower A, Berjaya Times Square No. 1 Jalan Imbi 55100 Kuala Lumpur	Parcel No A-33-06, Type D, Star City Service Suites, Berjaya Star City held under Master Title Geran No 7866 & 10798 56069, Lot 339 & Lot 145, Section 52, Town and District of Kuala Lumpur, Wilayah Persekutuan	Service Suite Apartment	Not applicable/ (665 sq. ft.)	4 years/ Freehold	347,236

## List Of Group Properties

<b>Registered Owner</b>	<b>Address</b>	<b>Title/ Location</b>	<b>Existing use/ Description</b>	<b>Land/ (Built-up area)</b>	<b>Age of building/ Tenure</b>	<b>Net book value as at 31st December 2009</b>
MBLE	No. 2-6, Jalan Sungai Abong 84000 Muar, Johor Darul Takzim	HS(M)6312, PTD No. 12352 Mukim of Bandar, District of Muar State of Johor	2- storey shophouse	2,926 sq. ft./ (143 sq. meters)	1/ Freehold	322,163
MBLE	No. 06-02 (Type B) Kondominium Ruby Jalan Sg Abong, township of Bandar Maharani, Johor Darul Takzim	Master Title Geran 55495 (formerly 13016 Lot No. 4129 Bandar Maharani Muar, Johor	Condominium	Not applicable/ (1,218 sq. ft.)	6/ Freehold	141,308



# Analysis Of Shareholdings

## PRINCIPAL STATISTICS AS AT 31ST MARCH 2010

Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per ordinary share
Authorised Share Capital	:	RM100,000,000
Issued and Paid-up Capital	:	RM46,000,000

## SUBSTANTIAL SHAREHOLDERS AS AT 31ST MARCH 2010

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
MBL Realty Sdn. Bhd.	47,654,480	51.80	–	–
Dato' Seri Tan King Tai @ Tan Khoon Hai	5,639,000	6.13	–	–

## DIRECTORS' SHAREHOLDINGS AS AT 31ST MARCH 2010

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chua Ah Ba @ Chua Eng Ka	150,000	0.16	48,104,480	52.29
Chua En Hom	150,000	0.16	48,174,480	52.36
Chua Eng Hui	150,000	0.16	48,104,480	52.29
Chua Heok Wee	150,000	0.16	48,104,480	52.29
Dato' Seri Tan King Tai @ Tan Khoon Hai	5,639,000	6.13	–	–
Khairilnauar Bin Tun Abdul Rahman	150,000	0.16	–	–
Hj Ismail Bin Tunggak @ Hj Ahmad	30,000	0.03	–	–
Teh Eng Aun	150,000	0.16	–	–

## DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 31ST MARCH 2010

Size of Shareholdings	No. of Holders	Total Holdings	% of Total Issued Capital
less than 100 shares	2	100	0.00
100 to 1,000 shares	202	90,700	0.10
1,001 to 10,000 shares	685	4,583,200	4.98
10,001 to 100,000 shares	389	11,632,220	12.64
100,001 to less than 5% of issued shares	56	22,527,300	24.49
5% and above of issued shares	2	53,166,480	57.79
<b>Total</b>	<b>1,336</b>	<b>92,000,000</b>	<b>100.00</b>

## Analysis Of Shareholdings

### 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

As At 31st March 2010

No	Name of Shareholders	No. of Shares	%
1	MBL REALTY SDN. BHD.	47,654,480	51.80
2	DATO SERI TAN KING TAI @ TAN KHOON HAI	5,512,000	5.99
3	LEMBAGA TABUNG HAJI	4,000,000	4.35
4	LIM JING FANG	2,000,000	2.17
5	KHOR SOO PING	1,200,000	1.30
6	ORCHID CITY SDN. BHD.	998,200	1.09
7	ONG KIM BOON	840,000	0.91
8	CHU KWEE SAN	800,000	0.87
9	TIEW LEK BOO	712,000	0.77
10	KHOR HEAP CHIN	600,000	0.65
11	LIM NGAK CHEW	502,300	0.55
12	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)</i>	500,000	0.54
13	ABDUL RAHMAN BIN ABBAS	500,000	0.54
14	GOH HUAT HENG	500,000	0.54
15	LOH KIM CHOOI	450,000	0.49
16	PHNUAH FARN FARN	429,100	0.47
17	TEU LIAT SOO	400,000	0.43
18	YAP SOON LAM	400,000	0.43
19	CHUA SEOW YANG	400,000	0.43
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOH ENG CHOONG (D JAYA-CL)</i>	392,600	0.43
21	FOO KOK CHIK	360,000	0.39
22	GOH BOON SEE	340,000	0.37
23	OON PENG KENG	300,000	0.33
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)</i>	283,800	0.31
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHAMED AJMEL SHAKIR BIN JAMALUDIN</i>	275,000	0.30
26	HASSAN GANY BIN SULTHAN	259,000	0.28
27	CHEAH CHING MOOI	250,000	0.27
28	TAN HIANG CHEW	211,000	0.23
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHUAN HUAT (E-BPT)</i>	200,000	0.22
30	CHANDRASEKHAR ARUN	200,000	0.22

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**MUAR BAN LEE GROUP BERHAD**  
(COMPANY NO. 753588-P)  
(Incorporated in Malaysia under the Companies Act, 1965)

No. of Shares Held

## PROXY FORM

I/We ..... of .....

..... being a member/members of Muar Ban Lee Group Berhad hereby appoint

..... or failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at No. JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor Darul Takzim on Monday, 24th day of May, 2010 at 12.00 noon or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1.	Adoption of Reports and financial statement (Resolution 1)		
2.	Re-election of Directors: a) Mr. Chua Ah Ba @ Chua Eng Ka (Resolution 2) b) Mr. Chua En Hom (Resolution 3) c) Mr. Chua Eng Hui (Resolution 4) d) Mr. Chua Heok Wee (Resolution 5) e) Dato' Seri Tan King Tai @ Tan Khoon Hai (Resolution 6) f) En. Khairilnuar Bin Tun Abdul Rahman (Resolution 7) g) Tuan Hj. Ismail Bin Tunggak @ Hj Ahmad (Resolution 8) h) Mr. Teh Eng Aun (Resolution 9)		
3.	Approval of Final Dividend (Resolution 10)		
4.	Approval of payment of Directors' Fee (Resolution 11)		
5.	Appointment of Auditors (Resolution 12)		
6.	As Special Business Authorising Directors to issue shares not exceeding 10% of the issued share capital (Resolution 13)		

(Please indicate with "X" how you wish to cast your vote)

Date: .....

.....  
Signature / Seal

### Notes:-

1. This proxy form, duly signed or sealed, must be deposited at the Registered Office of the Company listed on the reverse side of the form not less than 48 hours before the meeting.
2. If you wish to appoint a proxy, please insert the full name of the proxy (in block letters) in the space provided. A proxy need not be a member of the Company.
3. If the appointer is a corporation, this form must be executed under its common seal or under hand of its duly authorised officer or attorney.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**MUAR BAN LEE GROUP BERHAD**  
(753588-P)

THE SECRETARY  
87, MUNTRI STREET,  
10200 PENANG.

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