



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR 2ND QUARTER ENDED 30 JUNE 2012



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2012

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Revenue	17,975	13,798	42,328	24,861
Cost of sales	(10,888)	(8,171)	(24,950)	(14,250)
Gross profit	7,087	5,627	17,378	10,611
Other income	294	33	426	40
Depreciation and amortisation	(330)	(338)	(661)	(676)
Administrative expenses	(3,951)	(2,519)	(7,527)	(5,204)
Operating profit	3,100	2,803	9,616	4,771
Interest Income	96	63	176	100
Interest expense	(3)	(5)	(7)	(11)
Profit before tax	3,193	2,861	9,785	4,860
Tax expense	(168)	(22)	(251)	(98)
Profit for the period	3,025	2,839	9,534	4,762
Other Comprehensive Income				
Revaluation of land and building	-	-	-	-
Transferred to deferred tax	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	3,025	2,839	9,534	4,762
Profit attributable to:				
Owners of the Company	3,057	2,839	9,569	4,762
Non-controlling interest	(32)	-	(35)	-
Profit for the period	3,025	2,839	9,534	4,762
Total Comprehensive Income attributable to:				
Owners of the Company	3,057	2,839	9,569	4,762
Non-controlling interest	(32)	-	(35)	-
Total Comprehensive Income for the period	3,025	2,839	9,534	4,762
Earnings per share (sen)				



MUAR BAN LEE GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	(Unaudited) As at 30.06.2012 RM'000	(Audited) As at 31.12.2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,578	18,795
Intangible assets	430	430
Other investment	450	450
	19,458	19,675
Current assets		
Inventories	19,073	26,143
Trade & other receivables	24,641	19,688
Prepaid taxes	127	820
Fixed deposits with licensed banks	20,393	13,063
Cash and bank balances	6,249	5,498
	70,483	65,212
TOTAL ASSETS	89,941	84,887
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Revaluation reserves	2,934	2,934
Retained profits	26,456	19,677
Shareholder's equity	76,548	69,769
Non-controlling interest	85	53
Total equity	76,633	69,822
Non-current liabilities		
Hire purchase payables	124	175
Deferred taxation	1,161	1,161
	1,285	1,336
Current liabilities		
Trade & other payables	11,804	13,503
Hire purchase payables	105	129
Derivative liabilities	114	97
	12,023	13,729
Total liabilities	13,308	15,065
TOTAL EQUITY AND LIABILITIES	89,941	84,887
Net assets per share (RM)	0.83	0.76

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2012

	Attributable to Equity Holders of the Company						Total Equity RM'000
	Non-Distributable		Distributable			Non-controlling interest RM'000	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Subtotal RM'000		
At 1 January 2012	46,000	1,158	2,934	19,677	69,769	53	69,822
Total comprehensive income for the period	-	-		9,569	9,569	32	9,601
Dividends				(2,760)	(2,760)		(2,760)
Fair value adjustment in derivatives				(16)	(16)		(16)
Recognition of negative goodwill				(14)	(14)		(14)
At 30 June 2012	46,000	1,158	2,934	26,456	76,548	85	76,633
At 1 January 2011	46,000	1,158	-	11,149	58,307	-	58,307
Total comprehensive income for the period	-	-		4,762	4,762	-	4,762
Dividends				(1,380)	(1,380)	-	(1,380)
At 31 June 2011	46,000	1,158	-	14,531	61,689	-	61,689

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

	Current Year To-date	Preceding Year Corresponding Period
	30.06.2012 RM'000	30.06.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,785	4,860
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	661	676
Interest expense	7	11
Interest income	(176)	(100)
Fair value adjustment in derivatives	16	69
Recognition of negative goodwill	(14)	-
Gain on disposal of property, plant & equipment	(104)	-
Operating profit before working capital changes	10,175	5,516
Changes in working capital		
(Increase) / Decrease in inventories	7,070	(2,449)
(Increase) in trade & other receivables	(4,952)	(1,139)
(Decrease) / Increase in trade & other payables	(1,699)	4,428
Cash generated from operations	10,594	6,356
Interest paid	(7)	(11)
Income tax paid	(168)	(394)
Income tax refund	611	605
Interest received	176	100
Net cash generated from operating activities	11,206	6,656
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash	50	
Purchase of property, plant and equipment	(505)	(92)
Proceed from disposal of property, plant & equipment	165	-
Net cash used in investing activities	(290)	(92)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(75)	(112)
Dividend paid	(2,760)	(1,380)
Net cash used in financing activities	(2,835)	(1,492)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,081	5,072
Cash and cash equivalents at beginning of period	16,962	10,102
Cash and cash equivalents at end of period	25,043	15,174
Note:	<u>Cash and Cash Equivalents at end of period</u>	
Cash and bank balances	6,249	3,423
Short term deposits with licensed banks	20,393	14,171
Fixed deposits pledged	(1,599)	(2,263)
Unrealised exchange gain	-	(157)
	25,043	15,174

The Unaudited Condensed Statements of Cash Flow should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

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

A1. BASIS OF PREPARATION

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statement for the year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

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

A2. CHANGES IN ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2011.

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

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



A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONALITY OR CYCLICALITY FACTORS

The performance of the Group is generally not affected by any seasonal or cyclical factors.

A5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates amount that had a material effect for the current financial period under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review.

A8. DIVIDEND PAID

There were no dividends paid during the financial period under review.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 6 months ended 30 June 2012.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	42,328	-	42,328
Inter-company transactions	-	1,352	(1,352)	-
Dividend income	3,000	-	(3,000)	-
	<u>3,000</u>	<u>43,680</u>	<u>(4,352)</u>	<u>42,328</u>
Segmental result	(299)	9,915	-	9,616
Finance costs				(7)
Interest income				<u>176</u>
Profit before tax				9,785
Taxation				<u>(251)</u>
Profit for the period				<u><u>9,534</u></u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

Segmental reporting for the 6 months ended 30 June 2011.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	24,861	-	24,861
Inter-company transactions	-	2,252	(2,252)	-
Dividend income	1,000	-	(1,000)	-
	<u>1,000</u>	<u>27,113</u>	<u>(3,252)</u>	<u>24,861</u>
Segmental result	(58)	4,829	-	4,771
Finance costs				(11)
Interest income				100
Profit before tax				<u>4,860</u>
Taxation				<u>(98)</u>
Profit for the period				<u><u>4,762</u></u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment for the financial period under review.

A11. MATERIAL SUBSEQUENT EVENTS

The Company proposes to undertake the following proposals which have been duly approved by the shareholders in the Extraordinary General Meeting ("EGM") held on 27 August 2012, kindly refer to notes B8 for further details:

- 1) Proposed renounceable Right Issue of 46,000,000 Warrants ("Warrant(s)") in Muar Ban Lee Group Berhad ("MBL" or "Company") at an issue price of RM0.10 per Warrant on the Basis of One (1) Warrant for every Two (2) existing ordinary shares of RM0.50 each in MBL held by the shareholders of MBL; and
- 2) Proposed establishment of an Employees' Share Option Scheme of up to 15% of the Issued and Paid-Up share capital of the Company to eligible Directors and employees of MBL and its subsidiaries
- 3) Proposed authority for the Company to Purchase its own shares of up to 10% of the Issued and Paid-Up share capital of the Company ("Proposed Share Buy-Back")

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the financial period under review.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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



A14. CAPITAL COMMITMENTS

There were no outstanding capital commitments at the end of the quarter under review.

A15. RELATED PARTY TRANSACTIONS

During the quarter under review, the related party transactions are secretarial fee for the subsidiary companies amounting to RM3,000.00 charged by Tan Commercial Management Services Sdn. Bhd. and of which one of the director has interest over the company and able to exercise control. Further, a rental fee of RM1,800.00 was paid to certain directors of which the directors owned the said property and have interest over the property. Both transactions have been entered into in the normal course of business.

A16. DISCLOSURE OF DERIVATIVES

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

Type of Derivatives	Contract / Notional Value (RM million)	Value at closing rate (RM million)
USD Foreign Exchange Contract		
- Less than 1 year	3.076	2.962
TOTAL	3.076	2.962

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

During the quarter ended 30 June 2012, there were no significant changes to the Group's exposures to credit risk, market risk and liquidity risk since the last financial year. In addition, there have been no changes to the Group's financial risk management objectives, policies and processes since the previous financial year end.

The forward contract do not qualify for hedge accounting under MFRS 139, thus, the exchange loss arising from the changes in foreign exchange closing rate and forward rate in USD forward contract amounting to RM113,750 was recognised in the current quarter ended.

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

There is no gain / loss arising from fair value changes of financial liabilities for the quarter ended 30 June 2012.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

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

B1. REVIEW OF PERFORMANCE

	Individual Quarter (3 months ended)		Cumulative Quarter (6 months ended)	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Revenue	17,975	13,798	42,328	24,861
Profit after tax "PAT"	3,025	2,839	9,534	4,762

For the current quarter under review, the Group's revenue stood at RM17.98 million as compare with RM13.80 million registered in the preceding year's corresponding quarter. The higher revenue is mainly due to higher project sales recorded. Despite the higher revenue in the current quarter, the profit after tax was marginally higher at RM3.03 million as compare with RM2.84 million recorded in the preceding year's corresponding quarter as it was offset by the higher operating costs in the current period.

For the six months period under review, the Group recorded a revenue and PAT of RM42.33 million and RM9.53 million as compare with RM24.86 million and RM4.76 million recorded in the preceding year's corresponding period. The substantial increase in both revenue and PAT was mainly attributable to higher project sales registered in the current period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue for the current quarter was RM6.37 million lower at RM17.98 million from RM24.35 million registered in the immediate preceding quarter. PAT for the current quarter also lower at RM3.03 million as compare to RM6.51 million recorded in the previous quarter.

The weaker results in both revenue and PAT are mainly due to lower project sales recorded and higher operating costs in the current quarter as compare with the preceding quarter.

B3. CURRENT YEAR PROSPECTS

In view of the positive sentiment in the agriculture industries with the growing demand in the palm oil industries, the Board expects the Group to achieve satisfactory results for the financial year ending 31 December.

B4. VARIANCE FROM PROFIT FORECAST

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 30.06.2012 RM'000	Current Year To Date 30.06.2012 RM'000
Taxation - current year	<u>168</u>	<u>251</u>

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

B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES

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

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS

On 4 June 2012, AFFIN Investment, on behalf of our Board, announced that our Company proposes to undertake the following:

- (i) Proposed Rights Issue of Warrants; and
- (ii) Proposed ESOS.

On 27 July 2012, AFFIN Investment, on behalf of our Board, announced that Bursa Securities had vide its letter dated 27 July 2012, approved the following:

- (i) admission to the Official List and the listing and quotation of 46,000,000 Warrants to be issued pursuant to the Proposed Rights Issue of Warrants;
- (ii) additional listing of and quotation for 46,000,000 new MBL Shares arising from the exercise of the Warrants; and
- (iii) the listing of and quotation for new MBL Shares to be issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS.

The approval from Bursa Securities is subject to the conditions as set out in **Section 7, Part A** of the Circular dated 7 August 2012.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

On 27 July 2012, AFFIN Investment, on behalf of our Board, announced that the Controller of Foreign Exchange of Bank Negara Malaysia had vide its letter dated 27 July 2012, approved the following:

- (i) the issuance of the Warrants to the entitled non-resident shareholders of our Company pursuant to the Proposed Rights Issue of Warrants; and
- (ii) the issuance of any additional Warrants to the non-resident shareholders or warrant holders of our Company subsequent to the completion of the Proposed Rights Issue of Warrants, in the event that the Warrants are subsequently issued to and/or acquired by the non-resident shareholders or warrant holders of our Company, which may be issued from time to time arising from any adjustments made in accordance with the provisions of the Deed Poll.

On 2 July 2012, our Board announced the Company's intention to seek authority from shareholders of the Company to purchase up to 10% of our issued and paid-up share capital at any point in time, pursuant to Section 67A of the Act, Listing Requirements and any prevailing laws, rules, regulations and guidelines issued by the relevant authorities at the time of purchase.

The all 3 proposals have been duly approved by the shareholders in the EGM held on 27 August 2012 at 12.00 noon at No. JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2012 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>105</u>	<u>124</u>	<u>229</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

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

B12. DIVIDEND DECLARED

There was no dividend declared during the current quarter.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2012**

B13. EARNINGS PER SHARE

The basic earnings per share ("EPS") for the current quarter are calculated based on the profit after tax ("PAT") and number of ordinary shares outstanding during the period as follows:

	Current Quarter	Current Year To Date
Profit After Taxation (RM'000)	3,057	9,569
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	3.32	10.40

B14. RELATED PARTY TRANSACTIONS

During the quarter under review, the related party transactions are secretarial fee for the subsidiary companies amounting to RM3,000.00 charged by Tan Commercial Management Services Sdn. Bhd. and of which one of the director has interest over the company and able to exercise control. Further, a rental fee of RM1,800.00 was paid to certain directors of which the directors owned the said property and have interest over the property. Both transactions have been entered into in the normal course of business.

B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

	Group RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	61,010
- Unrealised	(1,275)
Less: Consolidation adjustments	(33,279)
Retained profits as per financial statement	<u>26,456</u>

B16. AUTHORIZATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 27 August 2012.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
27 August 2012